

# Knowledge Responsibility Sustainability

CRISIL Limited | Annual Report 2009



**CRISIL**

A Standard & Poor's Company



**CRISIL House** is a state-of-the-art 'green' building, designed to optimise consumption of scarce water and energy resources.

**Key characteristics of CRISIL House:**

- Naturally lit office: 60% of natural light for workstations comes in through the atrium
- Workstations with individual task lights and motion sensors to optimize energy usage
- Bank of photovoltaic panels to generate solar energy
- Multiple natural elements including a large green cover and a roof garden to ensure minimal CO<sub>2</sub> emission
- Sewage treatment plant for water recycling – recycled water used in gardens

These features are expected to significantly reduce CRISIL's energy and water consumption.



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# An Introduction to CRISIL

CRISIL is India's leading Ratings, Research, Risk and Policy Advisory Company. CRISIL's majority shareholder is Standard & Poor's. Standard & Poor's, a subsidiary of The McGraw-Hill Companies, is the world's foremost provider of independent credit ratings, indices, risk evaluation, investment research and data.

CRISIL offers domestic and international customers a unique combination of local insights and global perspectives, delivering independent information, opinions and solutions that help them make better informed business and investment decisions, improve the efficiency of markets and market participants, and help shape infrastructure policy and projects. Its integrated range of capabilities includes credit ratings and risk assessment; research on India's economy, industries and companies; financial research and analytics outsourcing; fund services; risk management; and infrastructure advisory services.

## Core Values

At the core of CRISIL's credibility are its values:

- Analytical Rigour
- Independence
- Integrity
- Innovation
- Commitment



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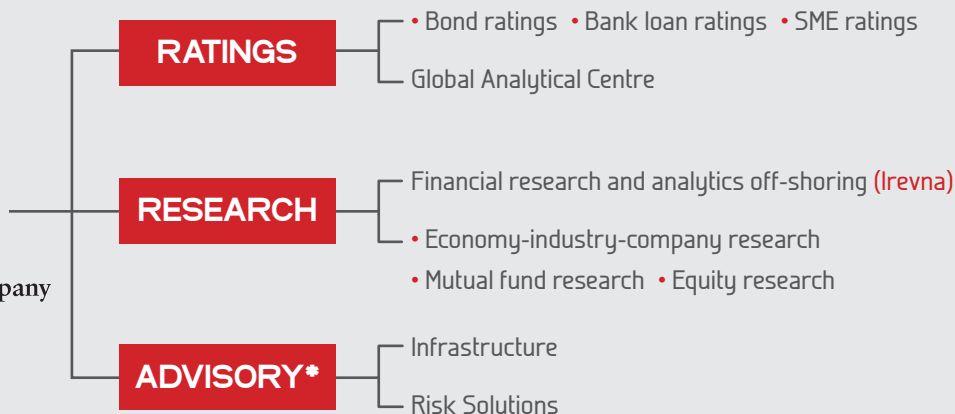




# CRISIL's Businesses



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



## Ratings

- OVER RS. 30 TRILLION OF DEBT RATED
- MORE THAN 24,500 DEBT INSTRUMENTS RATED
- NEARLY 8000 ISSUERS AND BORROWERS RATED
- 70 PER CENT PENETRATION IN BOND MARKET
- OVER 50 PER CENT SHARE IN BANK LOAN RATING MARKET
- HIGHEST NUMBER OF OUTSTANDING SME RATINGS IN INDIA

CRISIL is the world's fourth-largest rating agency, and India's largest and most influential. CRISIL has shaped the development of India's debt markets, having rated more than 24,500 debt instruments and facilities, valuing more than Rs. 30 trillion (USD 644 billion), pertaining to nearly 8000 issuers and borrowers. In addition, having rated more than 9500 SMEs, CRISIL has the highest number of outstanding SME ratings in India. CRISIL's

ratings are the benchmark for quality and analytical rigour in the evaluation of Indian credits. CRISIL is also the market leader in the structured finance (SF) ratings segment, having rated more than 60 per cent of the SF securities issued in India so far.

CRISIL Ratings has fostered transparency, accountability, and best practices in the ratings industry. Its initiatives in this direction include:

- Increasing the transparency through the dissemination of rating criteria and methodologies;
- Publishing default studies, with statistics reported separately for structured finance ratings;
- Building dedicated teams for criteria and business development, and ensuring constant and rigorous training for analysts;
- Enforcing a strong code of conduct, entailing the separation of the business development and analytical teams;
- Undertaking robust and continuous surveillance to trigger timely rating actions and regularly communicating with market participants through publications, seminars, and teleconferences; and
- Addressing investor queries in a timely manner through Rating Desk, a dedicated service for investors.

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

## Research

### Irevna

**IREVNA'S TEAMS OF HIGHLY TRAINED PROFESSIONALS AT DELIVERY CENTRES ACROSS THE WORLD PROVIDE COVERAGE ACROSS TIME ZONES, AT THE WORLD'S MAJOR FINANCIAL CENTRES.**

CRISIL's high-end financial research and analytics outsourcing division, Irevna, services financial institutions with investment banking operations, insurance companies, asset management firms, and corporates, across the world. Its teams of highly trained professionals at delivery centres in Chennai and Mumbai in India, Buenos Aires in Argentina, and Wroclaw in Poland, provide coverage across time zones, at the world's major financial centres.

### CRISIL Research

CRISIL Research is India's largest independent research house, with a unique, integrated research platform and capabilities spanning the entire economy-industry-company spectrum. About 90 per cent of India's commercial banks subscribe to CRISIL Research products.

CRISIL FundServices is India's leading provider of fund evaluation and risk solutions to the mutual fund industry. CRISIL is also the official provider of tools and market benchmarks for valuation of fixed-income investments held by Indian mutual funds, insurance companies, and banks.

CRISIL Equities provides two services - Independent Equity Research (IER) and Initial Public Offer (IPO) Grading. CRISIL IER

grades listed companies on fundamentals and valuations, and includes detailed reports on the companies being graded. IPO Grading is a one-time assessment of the fundamentals of a company that is making an IPO.

## Advisory

CRISIL Risk and Infrastructure Solutions (CRIS) Limited is a wholly owned subsidiary of CRISIL.

### CRISIL Infrastructure

CRISIL's Infrastructure business assists clients across India, Africa, the Middle East, and Southeast Asia in shaping infrastructure policy, Public Private Partnerships (PPP), and investment assessment.

CRISIL Infrastructure is the preferred advisor to governments, multilateral lending agencies, and private sector companies. Its activities range from developing enabling legislations and sector policies, to structuring concessions, undertaking complex feasibility studies, managing project procurements through global competitive bidding, assisting with fiscal and public sector reforms, and valuations.

### CRISIL Risk Solutions

CRISIL Risk Solutions (CRS) provides risk management solutions to financial institutions, banks, and corporate houses, both in India and overseas. CRS develops technology solutions that help clients perform expert analysis of credit, market, and operational risks. It also works closely with Standard & Poor's Risk Solutions to deliver assignments across the Asia-Pacific region.

# Events

## CRISIL Ratings

- 1. Unlocking the Potential of India's Credit Markets**  
A seminar organised jointly by CRISIL, NSE, and Standard & Poor's, to discuss the prospects for India's credit markets.
- 2. Banks' Asset Quality: Bumpy Ride Ahead?**  
A discussion on the asset quality of the Indian banking system.
- 3. Micro Finance Lending: Growth engine for the Indian Economy**  
A seminar on microfinance.
- 4. Commercial Papers: A stepping stone for accessing capital markets**  
A discussion on the benefits of a mature commercial paper market for issuers and investors.
- 5. CNBC-TV18 Emerging India Awards 2009, powered by CRISIL**  
India's biggest and most prestigious business award, presided over by Home Minister Mr. P. Chidambaram. CRISIL selected the winners from more than 300,000 entries across 14 sectors.

## CRISIL Research

- 6. Launch of CRISIL Independent Equity Research**  
CRISIL Independent Equity Research is a first-of-its-kind service providing investors with high-quality and independent research on listed Indian companies. Mr. C.B. Bhawe, Chairman, Securities and Exchange Board of India (SEBI), was the chief guest.
- 7. CNBC-TV18 - CRISIL - Mutual Fund of the Year Award 2009**  
The most coveted and respected Mutual Fund Awards in Asia, based on CRISIL's objective and analytically rigorous CRISIL~CPR methodology. Mr. M.S. Sahoo, Whole-Time Member, SEBI, was the chief guest.

## CRISIL Infrastructure Advisory

- 8. India Electricity 2009 Conference**  
As knowledge partners in the conference, jointly organized by the Ministry of Power, Government of India and FICCI, CRISIL Infrastructure Solutions published a paper, 'Strategies for Continued Capacity Addition in the Challenging Global Environment'.



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3. Micro Finance Lending: Growth engine for the Indian Economy



4. Commercial Papers: A stepping stone for accessing capital markets



5. CNBC-TV18 Emerging India Awards 2009, powered by CRISIL



6. Launch of CRISIL Independent Equity Research



7. CNBC-TV18 - CRISIL - Mutual Fund of the Year Award 2009



8. India Electricity 2009 Conference

# Publications



## CRISIL Ratings

### 1. India's Top 50 Microfinance Institutions

A first of its kind publication, it provides a profile of leading microfinance institutions in the country. The publication draws heavily on CRISIL Rating's deep understanding of the sector, and was launched as part of CRISIL's Financial Awareness Initiative.

### 2. Insight into Risk - Banking Sector

The report provides an overview and outlook on key trends in the credit quality of India's banking sector.

### 3. Opinion on Risk - Banks' Asset Quality: Bumpy Ride Ahead?

The report is a study on the asset quality of the Indian banking system explaining why despite weakening asset quality, impact of increasing delinquencies will remain well within the banks' stress tolerance levels.

### 4. Insight into Risk - General Insurance Sector

The report provides an insight into risks affecting the general insurance sector and steps that insurance players need to take to improve their credit risk profiles over the long term.

### 5. Insight into Risk - CRISIL Default study 2008

The report provides a detailed analysis of the default rate for the year 2008, showcasing CRISIL Ratings' strong default prediction abilities. For the first time in India, a separate performance data for retail-asset-backed securitisation ratings, was carried in the publication.

## CRISIL Research

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

The City Real(i)ty report serves as a ready reckoner on emerging trends in the realty sector in 10 leading cities of India. A subscription-based report, it also provides an outlook on the sector till 2011.

### 7. Industrial Capex

The subscription-based report provides detailed year-wise outlook on investments projected to take place during 2009-10 to 2011-12 across key sectors such as power, telecom, oil, gas, cement, metals, and automobiles.

### 8. Indian Logistics Industry

The report provides a perspective on the various modes and infrastructure segments. It also assesses the supply chain cost structure across 9 non-bulk segments, and the 3PL (Third party logistics) opportunity in India. It is a subscription-based report.

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## 9. CRISIL Independent Equity Research Launch Compendium

The compendium provides highlights of the first 13 companies covered by CRISIL Independent Equity Research (CRISIL IER). It was launched at the inauguration of CRISIL IER, a first of its kind service in India to provide investors with high-quality and independent research on listed Indian companies.

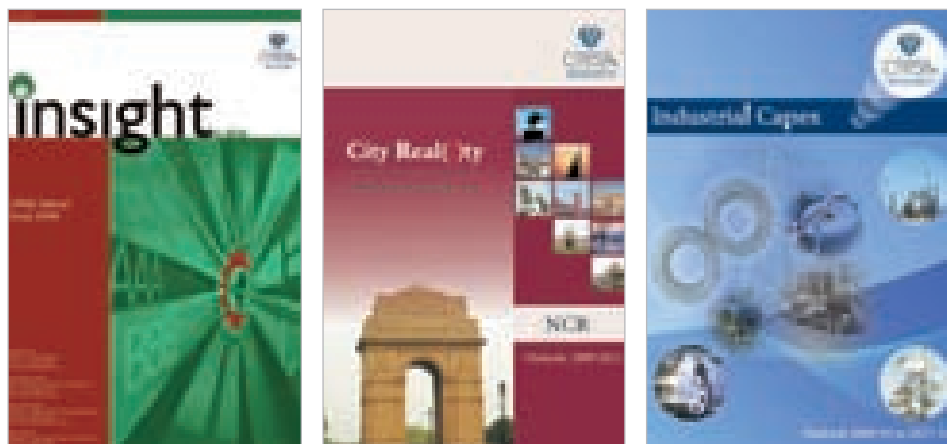
## 10. 'Wealth Management - Turning an art into a science'

The study provides an in-depth analysis of portfolio management services in India, and attempts to guide investors in their endeavour to create wealth. It was released at the ICC Summit on 'Portfolio Management'.

## CRISIL Infrastructure Advisory

### II. Indian Power Sector: Strategies for Continued Capacity Addition in the Challenging Global Environment

The paper offers an overview of strategies that Indian power companies should adopt for continued capacity addition in a challenging global environment. This report was released at the India Electricity 2009 Conference, jointly organised by the Ministry of Power, Government of India and FICCI.





# CRISIL for Sustainable Development

At CRISIL — 'Making the markets function better' — is not limited to its business services. It is applied, in large part, also to its commitment to society, and in its initiatives to foster self-reliance and a better future for the next generation. CRISIL also recognises its responsibility to increase financial awareness and education in order that economic opportunities may be more equitably distributed. Thus, CRISIL has consistently made significant investments in ensuring that its business remains relevant to the larger societal roles, and fulfils its part as a responsible corporate citizen.

## I. Financial Awareness

One of the principal areas of intervention by CRISIL is increasing financial awareness, to ensure greater financial inclusion. Its key initiatives in this regard include making rating services available and affordable to a large mass of small and medium enterprises, engaging in research and publishing reports that enable better assessment and decision making for capital providers, and encouraging transparency and financial conscientiousness through interactive events. These include:

### a. Microfinance Industry Analysis

CRISIL published *India's Top 50 Microfinance Institutions*, a pathbreaking study on the microfinance sector in India. The publication presents an overview of the leading players in India's microfinance space, and includes a comprehensive and incisive commentary. By placing key financial and operating information about prominent MFIs in the public domain, CRISIL hopes to facilitate a structured evolution of the MFI sector, and a further inflow of funding to the sector. This will lead to increased transparency among MFIs, and consequently, greater financial inclusion.

The book is part of CRISIL's continuing initiative to create greater awareness among market participants, and is available free of cost, in downloadable form on [www.crisil.com](http://www.crisil.com).

**PUBLISHED A PATH-BREAKING STUDY  
IN OCTOBER 2009 - INDIA'S TOP 50  
MICROFINANCE INSTITUTIONS.**



**Mr. Umesh Chandra Sarangi, Chairman of National Bank for Agriculture and Rural Development (NABARD), at the launch of *India's Top 50 Microfinance Institutions*.**

### b. Creating and disseminating information for retail investors

CRISIL has embarked on a programme of information dissemination for the benefit of retail investors. The initiatives, begun in 2008, focused on financial planning and mutual funds. In 2009, CRISIL's Financial Awareness team conceptualised and created a large repository of educational material, customised to the needs of the general public. It is now working on the distribution plans to implement and reach out to a wide audience that stands to benefit from this material.

### c. CRISIL Complexity Levels – A Global First

CRISIL introduced CRISIL Complexity Levels in 2008 to bring in greater transparency for investors. CRISIL proactively monitors the debt market for issuances and analyses these to determine the complexity levels of instruments issued, and makes it publicly available free of cost. An analysis by CRISIL of all issuances in 2009 revealed that, the number of issuances in the complex category reduced significantly, thus reflecting a reduction in investors' risk appetite.

AN ANALYSIS BY CRISIL OF ALL ISSUANCES IN 2009 REVEALED THAT, THE NUMBER OF ISSUANCES IN THE COMPLEX CATEGORY REDUCED SIGNIFICANTLY.

## II. Making and facilitating Donations

CRISIL's initiative to foster the 'Culture of Giving to Society' within every CRISILite continues to receive enthusiastic support.

CRISIL partnered with NGOs during the year, to provide a diverse range of opportunities to CRISILites to donate to, and participate in worthy causes. These included continuation of the successful payroll-linked giving programme in association with GiveIndia, creating greater awareness about exercise of the right to vote, blood donation camps, tree plantation drives, home repair and construction, donations of clothes and toys, and an opportunity to play Santa Claus to orphans.

'CULTURE OF GIVING' PROGRAMMES HELPED FOSTER A DEEPER SENSE OF PRIDE IN MAKING A MEANINGFUL IMPACT ON THE LIVES OF THE UNDERPRIVILEGED.

### 'CULTURE OF GIVING' PROGRAMMES IN 2009:

- PRODUCT DISPLAY BY NGO
- FRANCHISE AWARENESS CAMPAIGN
- BLOOD DONATION CAMPS
- 'BUILD' AND 'TREE PLANTATION' DRIVES
- 'JOY OF GIVING WEEK'
- 'CLOTHES AND TOYS DONATION' DRIVE
- 'AN OPPORTUNITY TO PLAY SANTA'

#### a. Product display by NGO

On CRISIL's Annual Day in February, the National Association for the Blind was invited to display and sell handicraft products made by blind children. This received an enthusiastic response from CRISILites.

#### b. Franchise Awareness campaign

Corporate Responsibility at CRISIL also entails grooming responsible citizens. CRISIL conducted a campaign to make its employees aware of the importance of exercising their franchise in the general elections, and provided necessary assistance in the documentation and other formalities associated with enrolment in the voters' list. CRISIL also partnered with a Rotaract Club to facilitate access to necessary information on documentation and polling booth locations.

#### c. Blood donation camps

In response to an urgent request by the Indian Red Cross Society for blood donation for Thalassaemia-affected children, a blood donation camp was organised in CRISIL's Mumbai Corporate Office. Over 90 CRISILites donated blood to the cause.

Two blood donation camps were also held at Irevna's



Chennai offices, in association with a leading blood bank. Both camps were very successful, with over 75 employees participating.

#### d. 'Build' and 'Tree Plantation' Drives

As part of the McGraw-Hill (MGH) Global Volunteer Day (GVD) activities, CRISIL partnered with Habitat for Humanity and organised a 'Build' and 'Tree Plantation' drive in Mumbai. CRISIL believes that such group activities are an immense learning experience, and facilitate greater team bonding, besides significantly making a difference to a large number of lives.

In the 'Build' drive, volunteers along with skilled masons and the beneficiaries and their families, helped in building homes. The objective was to offer an opportunity to CRISILites to provide shelter to people who do not possess the means to build a home. In the 'Tree Plantation' drive, volunteers planted trees as part of a drive to protect the environment, and also to help supplement the income of beneficiaries.

76 CRISILites participated in the 'Build' drives (conducted in 2 phases) and the 'Tree Plantation' drive that resulted in building 5 homes and planting 30 saplings.

Additionally, realising that several employees were actively involved with selective NGOs, they were encouraged to form Self Volunteer Groups (SVG) under McGraw-Hill's Global Volunteer Day activities.

#### e. 'Joy of Giving' Week

CRISIL undertook a 3-week campaign, titled 'Joy of Giving', to encourage new recruits to align themselves with the CRISIL payroll programme (in association with GiveIndia) that was initiated in 2008. The efforts resulted in an additional 200 employees signing up for this programme. It also helped ensure donation of the un-disbursed amounts, lying in the individual accounts of donors who had signed up in 2008.

#### f. The 'Clothes and Toys Donation' Drive

As part of the 'Clothes and Toys Donation' drive (in association with Goonj) a large number of CRISILites contributed towards enhancing the joy of the less fortunate by donating clothes and toys during the festive season.

CRISILites donated over 5100 articles in toys and clothes, and distributed these across the country through select NGOs.

#### g. 'An opportunity to play Santa'

CRISIL's initiative, 'An opportunity to play Santa' saw 30 CRISILites spend time with, entertain, and present gifts to, a delightful group of 300 orphans at St. Catherine's Home, Mumbai. The feedback from the volunteers has been encouraging: some described the experience as among the most memorable of their lives.

### III. Accreditation of NGOs

CRISIL has always worked towards fostering transparency in the Voluntary Organisation (VO) sector through a reliable accreditation process. To fulfill this aim, CRISIL worked with the Task Force on Accreditation of Voluntary Organisations, appointed by the Planning Commission.

#### CRISIL assisted the task force in the following areas:

- Defining the procedure for accreditation of VOs
- Identifying the possibility and mechanism of grading of VOs/non-governmental organisations (NGOs)
- Suggesting viable financial models for accrediting VOs/NGOs

CRISIL'S AIM HAS ALWAYS BEEN TO FOSTER TRANSPARENCY IN THE VOLUNTARY ORGANISATION (VO) SECTOR THROUGH A RELIABLE ACCREDITATION PROCESS.

### IV. Green initiatives

CRISIL has also sought to ensure that its operations do not impact the environment adversely. CRISIL recently moved its offices in Mumbai to CRISIL House, Hiranandani, Powai. This 210,000 square-foot office building is an environment-friendly building. It is designed to optimise consumption of scarce resources such as water, fuel and energy. The design also makes use of recyclable/renewable material, thus reducing its carbon footprint. There is a large green cover and a roof garden to ensure minimal CO<sub>2</sub> emissions. There is a provision for allowing ample sunlight, thus reducing electricity consumption.

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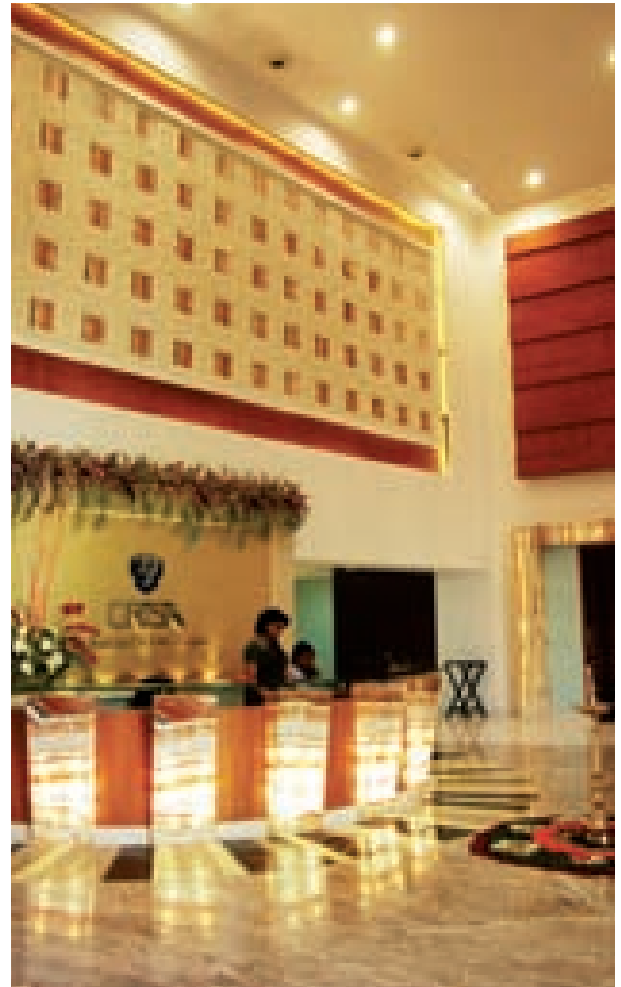
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At the operations level, CRISIL has consolidated its data centres by reducing the number of physical servers to a fourth of the original number, by virtualisation of servers and by providing an enclosed cooling space for the servers. Video conferencing and other modern telecommunications technologies are employed to reduce travelling requirements. CRISIL uses low power-consuming desktop virtualisation concepts in cases where full-fledged PCs are not required.

These measures are expected to reduce CRISIL's energy consumption by upto 20 per cent, and water consumption by upto 30 per cent.

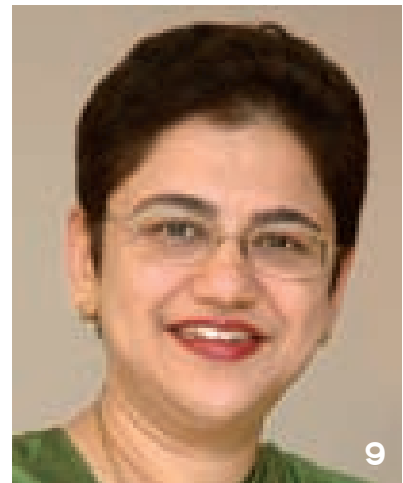
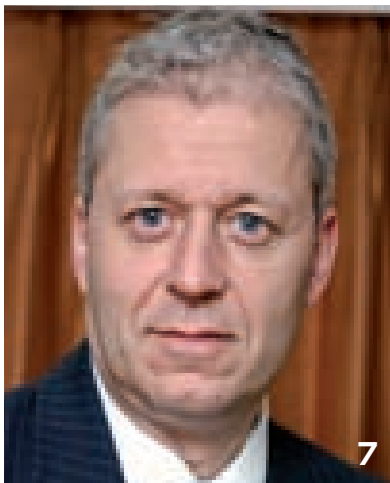
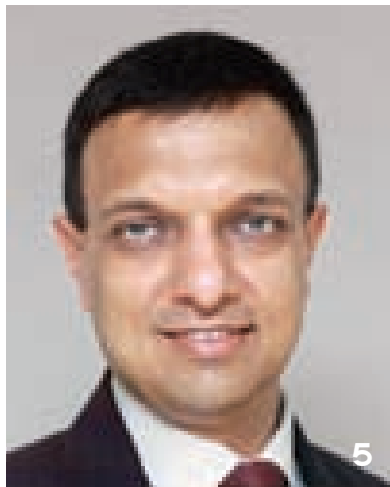
CRISIL also encourages its employees to be conscious of the environment, and provides common transport as well as promotes the concept of carpooling. During the recent Earth Hour, employees of CRISIL participated by switching off lights and air conditioners in all offices worldwide.

MEASURES ADOPTED ARE EXPECTED TO REDUCE CRISIL'S ENERGY CONSUMPTION BY UPTO 20 PER CENT, AND WATER CONSUMPTION BY UPTO 30 PER CENT.





# Board of Directors



## 1. Mr. Deven Sharma, Chairman

Mr. Deven Sharma is President of Standard & Poor's, a division of The McGraw-Hill Companies, and the world's foremost source of financial market intelligence, providing independent credit ratings, indices, risk evaluation, investment research and data. Mr. Sharma joined S&P in 2007 as executive vice president, Investment Service and Global Sales. Prior to joining S&P, Mr. Sharma was executive vice president, Global Strategy at The McGraw-Hill Companies for five years. Deven 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 globalisation, 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. Prior to Booz•Allen, Deven worked with manufacturing companies, Dresser Industries and Anderson Strathclyde. Deven 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. Deven has authored several publications on competitive strategy, customer solutions, sales and marketing. He is a Board member of the Asia Society Business Council.

## 2. Mr. B. V. Bhargava, Director

Mr. B.V. 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 the Chairman of National Commodity

& Derivatives Exchange Limited and Director on the Board of Grasim Industries Limited and few other Companies.

## 3. Mr. H. N. Sinor, Director

Mr. H.N. 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 as 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 Jt. Managing Director till May 2003. After demitting the office of ICICI Bank, he joined Indian Bank's Association as the Chief Executive. He is currently on the Board of 3i Infotech Limited, ICICI Lombard General Insurance Company Limited, Tata Investment Corporation Limited, Themis Medicare Limited and few 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. 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 organisations 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 (2004); has a Ph.D. in Economics from the University of Pennsylvania with a specialisation 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 worked with ICICI from 1987 to 2007 in a variety of jobs, including, Corporate Planning, Project Finance and Treasury. In October 2007, he stepped down from the Board of Directors of ICICI Bank to assume charge of the ICICI Foundation for Inclusive Growth as its President.

In addition to his work within ICICI Bank, among other things, in the past he has served as the Chairman of the Fixed Income Money Market and Derivatives Association of India (FIMMDA) for two years and as a Board Member of Wipro Limited for five years. His current assignments include memberships of the Board of the Institute for Financial Management and Research (IFMR), CARE USA, International Food Policy Research Institute (IFPRI), and several task forces of the Planning Commission.

## 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-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 Board of several multinational companies Indian subsidiaries such as America Online, Fedders Corporation, National Instruments, American Bureau of Shipping etc. as well as listed companies such as Unitech Limited. He is the former Governing Body Member of Indian Council of Arbitration and Vice Chairman of Asia-Pacific Committee of American Bar Association. He is a member of Law Society of England & Wales, Chartered Institute of Arbitrators, London as well as 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 also authored India chapters in books titled "Product Liability in Asia-Pacific" and "Employment Laws in Asia". He holds a bachelors degree 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 & Chief Executive Officer

Ms. Roopa Kudva is Managing Director & 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	Senior Director - Ratings
Mr. G. V. Mani	Senior Director - Offshoring
Mr. Arun Panicker	Senior Director - Operations

### Allotment Committee

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

### Audit Committee

Mr. H. N. Sinor, Chairman  
Dr. Nachiket Mor  
Mr. B. V. Bhargava  
Mr. David Pearce

### Compensation Committee

Mr. B. V. Bhargava, Chairman  
Ms. Rama Bijapurkar  
Mr. Deven Sharma  
Mr. Thomas Schiller

### Investment Committee

Mr. B. V. Bhargava, Chairman  
Mr. David Pearce  
Mr. Thomas Schiller  
Ms. Roopa Kudva

### Investor Grievance Committee

Mr. B. V. Bhargava, Chairman  
Ms. Roopa Kudva  
Mr. Thomas Schiller

### Rating Committee

Mr. B. V. 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

### 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 23rd Annual Report of CRISIL Limited, along with the audited accounts for the year ended December 31, 2009.

## Performance

A summary of the Company's financial performance in 2009 is given below:

(Rs. in Lakh)

	Year Ended December 31, 2009	Year Ended December 31, 2008
Total Income for the year was	46,445.36	40,389.03
Profit before depreciation and taxes was	20,422.09	18,696.71
Deducting depreciation of	1,387.93	1,184.38
Profit before tax was	19,034.16	17,512.33
Deducting taxes of	4,000.44	3,774.52
Profit after tax was	15,033.72	13,737.81
The proposed appropriations are:		
Dividend	7,225.00	5,057.50
Corporate Dividend Tax	1,227.89	859.52
General Reserve	1,503.37	1,373.78
Balance carried forward is	22,741.09	17,663.64

## Dividend

The Directors recommend, for approval of the members at the Annual General Meeting to be held on April 16, 2010, payment of final dividend of 250 per cent (Rs. 25 per share) for the year under review. During the year, the Company paid first, second and third interim dividends of 250 per cent each. The total dividend for the year works out to 1000 per cent (Rs.100 per share) as against 700 per cent (Rs.70 per share) in 2008.

## Review of Operations

### A. RATINGS

#### Highlights

- Assigned over 7400 new ratings in 2009 including 2268 Bank Loan Ratings (BLRs), and 5178 Small and Medium Enterprise (SME) Ratings
- Launched a first-of-its-kind publication, *India's Top 50 Microfinance Institutions*, profiling the leading microfinance institutions in India

- Assigned India's first-ever rating for securitisation of microfinance receivables
- Introduced CreditAlerts to provide insights to market participants on trends in specific sectors
- Extended operations at Global Analytical Centre (GAC) to 24/6 to provide real-time support to Standard & Poor's (S&P) during US market hours; operations at GAC have grown considerably during the year

### Business Environment

The business environment for ratings continued to remain positive in 2009. The corporate bond market revived marginally on account of a slowdown in overseas funding and limited opportunities for raising equity. BLRs continued to show robust growth in the year. With an increasing acceptance from bankers, SME ratings also grew rapidly.

GAC continues to provide a range of analytical and data services to S&P. GAC's trend of increasing collaborations with S&P across businesses, has continued in 2009 despite the global economic slowdown.

The environment is expected to remain buoyant in 2010 as well with corporates likely to resume some of their deferred capital expenditure programmes. Infrastructure companies are also expected to turn to the bond markets for funds. The BLR market is likely to remain strong in 2010, as banks strive to become Basel II compliant. The demand for SME ratings is, likewise, expected to remain robust in 2010.

GAC's operations are expected to continue the growth momentum in 2010 as well with the recovery in global credit markets fuelling the need for additional support.

## Operations

CRISIL Ratings maintained its market leadership in 2009 backed by a strong growth in BLRs (2268 ratings assigned as against 845 in 2008) and SME ratings (5178 ratings assigned as against 2518 ratings assigned in 2008). CRISIL's BLR teams were ramped up substantially. The business development and delivery processes were augmented during the year to keep pace with the sharp increase in BLR volumes. Strong quality control measures have been set in place; this includes following a focused, process-driven approach, use of quality checklists, and training for analytical teams. While revenues from structured finance and financial sector issuances were subdued for most of 2009, these were made up for by a spurt of corporate sector bond issuances in the year.

During the year, CRISIL Ratings assigned India's first-ever rating for securitisation of microfinance receivables. It also launched a unique publication, *India's Top 50 Microfinance Institutions*. The inaugural edition of the publication, profiling key players in the microfinance space, was released by Mr. Umesh Chandra Sarangi, Chairman, National Bank for Agriculture and Rural Development (NABARD), the regulator for microfinance institutions (MFIs) in India. The publication draws heavily on CRISIL's deep understanding of the sector, and has been launched as part of CRISIL's Financial Awareness Initiative for the Indian market. The publication has been appreciated by regulators, practitioners, lenders and donors.

CRISIL conducted regular outreach programmes for the benefit of investors and market participants. Its commentaries, such

as those on bank asset quality, retail asset quality, outlook for banking and insurance sector, and the credit quality of corporate India, received extensive media coverage. Commentaries on the outlook for corporate India and non-banking finance companies also found mention in the international media.

The CRISIL-CNBC Emerging India Awards 2009, received over 300,000 nominations from SMEs all over the country. CRISIL also evaluated more than 162 nominations for the CNBC-Awaaz-CRISIL-CREDAI Real Estate Awards 2009, a major event in the real estate sector.

CRISIL Ratings has enhanced the transparency in its rating processes by strengthening its methodologies. It has intensified surveillance of rated credits, and revamped its structured finance rationales to provide more information and decision-making tools to investors. It has also introduced CreditAlerts to highlight trends in specific sectors, and the likely implications of these trends on the credit quality of companies in that sector. CreditAlerts are shared extensively with investors and the media, and are also available on the CRISIL website.

GAC, with its proven expertise in managing complex assignments, initiated several new projects during the year, supporting S&P's focus on deeper, sharper, and quicker analyses. GAC launched night shift operations (six days a week) to provide real-time support to S&P during US market hours. GAC has improved its operating efficiencies through process re-engineering and automation. With the global economy now showing signs of revival, the demand for GAC's high-end, in-depth analytics, is expected to increase over the near term. GAC is well positioned to strengthen its relationship with S&P, and maintain its growth trajectory.

## B. RESEARCH

### B.1. IREVNA

#### Highlights

- Maintained leadership in high-end financial research and analytics outsourcing, despite the global recession
- Acquired new clients, and expanded service offerings, in addition to growing key accounts
- Widened its global business development footprint



## Business Environment

The turmoil in the global financial markets impacted Irevna's business for most of the year. Most financial services firms (Irevna's major client base) were restructuring their businesses, reducing headcount and focusing on surviving the crisis, constraining growth for outsourcing. However, the last quarter of 2009 saw a remarkable recovery in demand for Irevna's services as the global financial markets showed first signs of revival. This upturn is expected to gather momentum in 2010.

2010 promises to be a year of growth for Irevna. Its investments in seeding new services and expanding geographical reach will enable Irevna to capture a large portion of growth in demand in the near term. In the medium term, a shortage of talent in client markets is expected to emerge as a key growth driver for Irevna's business.

## Operations

Irevna continues to be the global leader in offshore equity, credit and derivatives research services for financial institutions. Despite the unfavorable circumstances in the global financial sector, Irevna has grown its key accounts, acquired several new strategic clients, expanded service offerings and client segments, added clients in new verticals, and widened its global business development footprint.

Irevna has continued to invest in its business and people. It expanded the size of its business development team, and of its footprint to include continental Europe. The delivery centre in Wroclaw, Poland, established in 2009, has begun servicing client needs. The Buenos Aires centre continues to service clients in the Western Hemisphere, and is growing well. The delivery centre in Mumbai has also been expanded, and now services all verticals. Irevna's clients in Europe, the Americas, Asia and Australia can now leverage the delivery centres in Chennai, Mumbai, Buenos Aires and Wroclaw for round-the-clock services, six days a week. Irevna has also launched a concerted effort to improve operational efficiencies and enhance customer interactions and experience. These efforts have been successful and have led to growth in business.

## B.2. CRISIL RESEARCH

### Highlights

- Introduced CRISIL Independent Equity Research (CRISIL IER), a unique initiative, providing investors with top-quality, independent research on listed Indian companies

- Mandate secured from the Pension Fund Regulatory Development Authority (PFRDA) of India to assist in framing the regulatory framework for the New Pension Scheme
- Launched research reports on real estate, infrastructure and logistics, and outlook on industrial capital expenditure (capex)

## Business Environment

The global meltdown in the financial markets in 2008 continued to present market challenges for CRISIL Research in 2009. Cost containment was an area of focus for corporate India, directly impacting the market for traditional research products. However, CRISIL Research responded by communicating and delivering customised value propositions that helped retain customers and attract new clients.

The uncertain market conditions have had a direct impact on the CRISIL Equities and FundServices business. However, improving sentiment in the second half of 2009 brought in opportunities especially for IPO grading services of CRISIL Equities.

The business environment is expected to improve in 2010, backed by growth in the Indian economy. CRISIL Research is positioned to serve market requirements through both standard and customised offerings.

## Operations

A landmark event in 2009 was the launch of a pioneering concept in India, the Independent Equity Research (IER), in September 2009. Mr. C. B. Bhave, Chairman, Securities and Exchange Board of India (SEBI), officiated as chief guest at the launch of IER. Through its high quality and independent research, CRISIL IER provides gradings on fundamentals and fair valuations for listed companies. Through IER reports, CRISIL seeks to bridge the paucity of good-quality, unbiased research on listed Indian companies, especially for mid- and small-cap companies. Grading reports were released for 13 companies at the launch, presenting an array of gradings, and a mix of large-, mid-, and small-cap companies. Reports on more companies have been released, subsequently, and have received encouraging response from stakeholders.

CRISIL Research has continued to build on its unique value proposition of macro and micro integrated research. In 2009, CRISIL Research intensified efforts to track and respond to

customer feedback, and to release special reports of topical interest. The transition of research delivery from a physical mode to an online format continued through 2009, to enhance customer experience. Key products – Industry Information Service and Industry Risk Service – have continued to do well, as reflected in fresh subscriptions and renewals that they have received from customers. The research series, titled *Mid-size and Emerging Segment Company Report (MESCOR)*, launched in late 2008, appealed to financial sector clients with its timeliness and relevance. Four new research reports – *Indian Infrastructure, City Real(i)ty, Indian Logistics Industry*, and *Outlook on Industrial Capex* – were also released during the year, and elicited an enthusiastic response from the market.

A focused approach to customised research, combining macro and micro perspectives has helped the business receive repeat assignments from clients, and to establish new high-value relationships.

A number of companies have sought to raise funds through public offerings in the second half of the year, driven by revival in the Indian equity markets. This has helped the IPO gradings business gain momentum.

CRISIL FundServices secured a prestigious mandate from the Pension Fund Regulatory and Development Authority (PFRDA) through competitive bidding, to assist PFRDA in framing regulations for the New Pension Scheme. The business also continues to assist the Employees' Provident Fund Organisation (EPFO), India's largest provident fund, in the performance evaluation of fund managers. CRISIL FundServices also won a number of assignments in the fixed income valuation space.

CRISIL FundServices continues to work closely with market regulator SEBI and Association of Mutual Funds in India (AMFI) in several initiatives including finalising the approach to value fixed income securities.

CRISIL Research continues to reach out to corporates, banks and other financial sector entities, through a combination of knowledge-sharing platforms, tele-investor meets, webinars, one-on-one meetings, and presentations at industry forum. CRISIL Research has sought to enhance its franchise through the year, through commentaries and interviews in the media, and speaking engagements at prominent seminars and conferences. Two flagship events – the CNBC-TV18-CRISIL Mutual Fund Awards,

and the annual Post-Budget India Outlook 2008 seminar – continue to attract attention and media coverage.

## C. ADVISORY

CRISIL's infrastructure advisory and risk solutions businesses are housed under a subsidiary – CRISIL Risk and Infrastructure Solutions Limited (CRIS). A review of these two businesses is given below to provide a consolidated view of all CRISIL businesses.

### C.1. CRISIL INFRASTRUCTURE ADVISORY BUSINESS

#### Highlights

- Expanded its international footprint to South Africa, Mozambique, Georgia, Bangladesh and East Asia-Pacific
- Won a large project relating to renewable energy in South Africa
- Worked with the Ministry of Home Affairs, Government of India, on a Public Private Partnership (PPP) model to develop housing for India's paramilitary forces

#### Business Environment

In the first quarter of 2009, the continued impact of the global financial crisis, and the general elections, resulted in a slowdown in government-initiated infrastructure projects. In subsequent quarters, however, there was a significant turnaround, with governments and donor agencies announcing project decisions at their former pace, although private sector activities revived only in the last quarter. Pricing pressures continued in 2009, with players adopting aggressive pricing strategies at competitive bids.

The outlook for 2010 suggests steady improvement in investor activity. The government's emphasis on infrastructure and its ability to trigger private investments are expected to contribute to growth in 2010. Continued government support in the infrastructure space is expected to catalyse growth of international business opportunities.

#### Operations

The infrastructure business has performed well under the challenging business environment in 2009. Key growth areas, including the investor-focused business, and the international practice, have performed well. The international footprint has expanded to include South Africa, Mozambique, Georgia, Bangladesh and East Asia-Pacific. The business obtained two new projects in Mauritius, and a large, renewable energy project in



South Africa. The international business maintained stable revenues through 2009, consolidating on the growth achieved in 2008.

The investor-focused business, where clients include infrastructure developers and investors, made significant progress in 2009. It developed strong relationships with private equity investors and infrastructure developers. It also helped two energy developers acquire projects, by providing independent valuation and commercial due diligence services. The business expanded its client base among power utilities and electricity regulators. It is working on landmark projects, such as introducing competition in power distribution in Mumbai, and in setting renewable energy purchase targets for power utilities in India.

The advisory business increased its presence in the Public Private Partnership (PPP) projects segment, by working on enabling frameworks for PPPs, and in developing pilot projects in sectors such as water and sanitation. It was invited to design a long-term solution in infrastructure financing through the 'take out finance' route announced by the Government of India. CRISIL Infrastructure Advisory is working with the Ministry of Home Affairs in developing a PPP model for housing for paramilitary forces in the country.

The business remains focused on increasing the ticket size of its assignments. More than 50 per cent of new businesses obtained in 2009 have been large assignments. It also continued to showcase its expertise through speaking engagements at seminars and workshops through the year.

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

### Highlights

- Executed a prestigious mandate to set up an enterprise risk framework for a multilateral infrastructure finance company in Africa
- Developed the CRISIL Retail Scoring Solution (CRESS) software for hosting retail scorecards and related functionalities, and to develop proprietary risk-control maps for banking processes

### Business Environment

With most banks becoming increasingly compliant with the Basel II framework, they are now focused on strengthening their risk systems, and moving towards advanced approaches in Basel II. Over the medium term, CRS expects banks and

financial institutions to move from a compliance-based approach in risk management to a best-practices-based approach. Risk management systems will increasingly aid in business decisions and performance management.

### Operations

CRS undertook many diverse and challenging assignments in the consulting and solutions space in 2009. CRS products and consulting services are being increasingly viewed together, as a comprehensive end-to-end solution in risk management.

CRS's suite of proprietary software products, Basel II Capital Assessment Model (CAM) and Risk Assessment Model (RAM) software, continue to be the leading products in their segments. In the area of operational risk, CRS developed a powerful value proposition around its CRISIL Operational Risk Evaluator (CORE) software. The business remains focused on setting up robust processes, and successfully renewed its ISO9001:2008 certification.

Among key mandates awarded to CRS in 2009, were implementation of an Integrated Risk Management System for a leading bank in India, creation of a market risk module of CAM software for a foreign bank operating in India, and review of risk practices and implementation of internal risk rating systems for a leading financial institution.

In the consulting space, CRS concluded a prestigious mandate to set up an enterprise risk framework for a multilateral infrastructure finance company in Africa. CRS also worked closely with S&P to jointly complete risk-related assignments in the Asia-Pacific region.

CRS's business development initiatives include sale of new products and services to domestic clients in India, and marketing CRS offerings in countries such as Sri Lanka, Bangladesh and Mauritius. CRS also conducted outreach activities such as workshops and seminars on improvement of risk management practices, including a successful workshop in Mauritius.

## D. COLLABORATION WITH STANDARD & POOR'S

CRISIL and its group companies continued its strong collaboration with S&P. Key collaborative initiatives during the year included a successful seminar, 'Unlocking the potential of India's credit markets', held jointly with S&P and the National Stock Exchange (NSE).

CRISIL Infrastructure Advisory collaborated with S&P in its infrastructure initiatives. It was part of an expert panel at a seminar hosted by S&P on 'Developing public sector finance as a new asset class' at the 42nd annual meeting of Asian Development Bank at Bali, Indonesia, in May 2009. As part of this collaboration, it also contributed a thought leadership article and case studies to S&P's publication, *Building Asia's Infrastructure, Building Asia's Public Finance* that were released at the seminar.

CRISIL and S&P held several investor events, including the Mid-Year Market Outlook road shows in India and Singapore. CRS worked with S&P Risk Solutions in delivering solutions to clients in the Asia-Pacific region. S&P and CRISIL also conducted a joint study based on the S&P ESG India Index, exploring the link between corporate governance and company performance. CRISIL presented a paper on the study, at the 'Capital Markets Forum: Responsible Investment in India', an event organised by the NSE.

CRISIL's market development and communications team continued to support S&P's activities in South and Southeast Asia. Key initiatives included media and investor outreach programmes in the region, and included a range of activities to further strengthen S&P's thought leadership in several domains.

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

C-CER's activities in 2009 revolved around three key themes - India Macroeconomics, S&P Asia-Pacific Macroeconomics and Projects. Through the year, C-CER actively positioned CRISIL in the Indian and international media, as the foremost analytics-based voice on the Indian economy.

C-CER guided the quarterly updates on scoring and ranking of emerging economies on the 'investability' of their local currency bond markets under International Finance Corporation's (IFC's) GEMLOC-II assignment - a project managed by CRISIL Infrastructure Advisory. C-CER also assisted CRISIL Infrastructure Advisory in conducting the training for East Asia-Pacific Infrastructure Regulators Forum (EAPIRF) held in Vietnam.

C-CER also advised the Egyptian Institute of Directors (EIoD) and Corporate Governance Institute (Hawakmah) of Dubai International Financial Centre (DIFC) for creation of the ESG Index. In addition, C-CER participated in a Confederation of Indian Industry (CII) initiative to assess companies on their corporate social responsibility performance, as a prelude to an awards presentation.

## F. HUMAN RESOURCES

The Human Resources team maintained its focus on attracting, retaining and growing the desired talent at CRISIL.

In 2009, 579 employees were hired as against 754 in 2008. On a consolidated basis, the total headcount across the CRISIL group of companies increased to 2164 as on December 31, 2009, up from 1956 in 2008.

Responding to the need to provide real-time services to global clients in the off-shoring business, CRISIL introduced night shift operations during 2009.

The flagship batch of the CRISIL Certified Analyst Programme (CCAP) completed the two-year programme. This momentous occasion in CRISIL history was marked by a convocation ceremony, presided over by Mr. N. Vaghul (then Chairman of ICICI Bank Ltd.). All interns who successfully completed the programme were offered placements with CRISIL. To further augment the talent pool, CRISIL has successfully launched the third batch of CCAP Programme.

The Irevna Certified Analyst Program (ICAP) was launched in association with the Institute for Financial Management and Research (IFMR) in 2009. The programme will benefit graduate employees working with Irevna, and will help widen and tailor their skill-sets to the needs of the off-shoring business. The first batch of 17 analysts is currently undergoing the 15-month programme.

CRISIL's brand building and thought leadership initiative, the CRISIL Young Thought Leader (CYTL) competition has continued to elicit a positive response.

### Employee Engagement

CRISIL remains committed to enhancing employee engagement, through structured communications, rewards and competency enhancement agendas.

The communications plan launched in 2008 ensured a robust dialogue with employees, and enabled the sharing of organisation-wide developments, initiatives and updates. It also provides employees with opportunities to interact with senior management through various fora. These include the MD & CEO's quarterly townhalls, business-specific quarterly townhalls by the respective business leaders, HR interactions with new recruits, and the MD & CEO's regular interactions with a cross-section of employees across groups.



The structured rewards and recognition programme continues to acknowledge and applaud excellence in performance. The MD & CEO's annual awards to honour outstanding contributions celebrated the spirit of excellence best demonstrated by individuals during the year. Long service awards were introduced to recognise the contributions of employees completing 10-, 15-, and 20-year tenures with CRISIL. The programme was further supplemented by introducing the global Standard & Poor's Acknowledging and Celebrating Excellence (ACE) awards to provide CRISIL employees with a global platform recognising superior performances.

The training and development team has followed a structured approach towards people development by understanding the desired competencies, and following them with customised interventions. Business specific trainings programs and interventions have helped create a strong edifice of building a learning organisation. Leadership capability was enhanced through initiatives such as intensive training and coaching sessions. Over 1155 training programmes, and more than 72,395 man hours of training were conducted. These training sessions ranged from technical subjects to functional and behavioral skill-building programmes. A learning centre was set up to monitor the progress and reach of these trainings.

During the year, 80 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 excluding this annexure. Any shareholder interested in obtaining a copy of the annexure may write to the Company Secretary at CRISIL's registered office.

## G. INFORMATION TECHNOLOGY (IT)

CRISIL businesses have acquired the cutting edge in technology, and used IT to gain more insight into how customers use their products, to obtain real-time feedback from customers, generate operational dashboards and tracking metrics, scale up business operations through web-based tools, and to provide research products to customers.

Operational efficiency was enhanced by partnering with IT companies to provide solutions to various business divisions. Through rationalisation of service providers, significant cost savings were achieved during the year.

During 2009, the IT group also managed several revenue-based projects for the Risk, Funds and Advisory businesses.

## H. FACILITIES

During the year, CRISIL consolidated all its operations in Mumbai. The operations, spread across more than ten different locations in the city, shifted to a single building at CRISIL House, Hiranandani, Powai. CRISIL House is a 210,000 square-foot aesthetically designed, environment-friendly building, with the latest equipment to ensure comfortable and efficient operations for employees. As part of CRISIL's Corporate Social Responsibility agenda, CRISIL has designed the new premises as a 'green building'.

## I. 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.

## J. 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 (NSEIL), provides a variety of indices and index-related services and products to the capital markets. IISL has a marketing and licensing agreement with Standard & Poor's (S&P), the world's leading provider of investible equity indices.

IISL had a total income of Rs. 14.42 crores and net profit after tax of Rs. 7.86 crore for the year ended March 31, 2009. It declared a dividend of 50 per cent.

In 2009, IISL issued licenses to clients within India for issuing debentures whose returns are based on the S&P CNX Nifty Index. IISL also concluded licensing agreements for issue of structured products based on the S&P CNX Nifty Index outside India. In addition, IISL continues to enter into data sales agreements with global and Indian clients.

In 2009, Barclays Global Investors, N.A., and Nomura Asset Management Company launched Exchange-Traded Funds (ETFs) based on the S&P CNX Nifty Index in USA and Japan, respectively. These ETFs provide investors in these countries opportunities to gain exposure to the Indian markets.

## K. DIRECTORS

The Board appointed Mr. Deven Sharma as Chairman of the Board of Directors with effect from October 29, 2009. The Board of Directors appointed Mr. Deven Sharma as an Additional Director with effect from October 29, 2009. He holds the office upto the date of the ensuing Annual General Meeting. Mr. Deven Sharma is the President of Standard & Poor's, a division of The McGraw-Hill Companies. Mr. Deven Sharma's appointment will help cement a closer and more direct association of CRISIL with Standard & Poor's.

Mr. Ravinder Singhania was appointed as the alternate director to Mr. Deven Sharma.

Mr. R. Ravimohan resigned as Chairman of the Board and Director of the Company with effect from August 6, 2009 after serving the Company over the last 15 years.

The Directors place on record their sincere appreciation of the significant contributions made by Mr. R. Ravimohan as Managing Director and CEO and subsequently, as Chairman of CRISIL Ltd.

In accordance with the Articles of Association of the Company and the provisions of the Companies Act, 1956, Ms. Rama Bijapurkar and Mr. H. N. Sinor retire by rotation and being eligible, offer themselves for reappointment.

## L. AUDITORS

The Statutory Auditors, M/s. S. R. Batliboi & Co., Chartered Accountants, will retire at the ensuing Annual General Meeting and request that their reappointment be considered.

## M. OTHERS

M.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.

M.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.

## Acknowledgements

The Board of Directors wish to thank the employees of CRISIL for their exemplary dedication and the excellence they have displayed in conducting the operations of CRISIL. They also wish to place on record their sincere appreciation of the faith reposed in the professional integrity of CRISIL by customers and investors who have patronised their services. They acknowledge the splendid support provided by market intermediaries. The affiliation with Standard & Poor's has been a source of redoubtable strength. The Board of Directors also wish to place on record their 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 various 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,

Deven Sharma  
Chairman

Place: Mumbai  
Date: February 18, 2010



# Annexure to the Directors' Report

## Management Discussion and Analysis Report

### Business and Industry Overview

CRISIL is India's leading Ratings, Research, Risk and Policy Advisory Company. CRISIL's majority shareholder is Standard & Poor's, a subsidiary of The McGraw-Hill Companies. CRISIL aims to be the most preferred provider of independent, credible and reliable ratings, high-end investment research outsourcing services, research products and services and risk and infrastructure advisory solutions thereby, facilitating more informed decision-making by Indian and global entities in the Indian and other emerging markets that CRISIL seeks to expand into.

The business environment has considerably improved as compared to 2009. CRISIL's ratings business continues to display a good growth momentum. Both Bank Loan Ratings and SME ratings are expected to be the key growth drivers in 2010. With an improvement in global financial markets, the outlook for CRISIL's offshoring business has also turned positive. Irevna's move into newer verticals and newer geographies will also act as a further impetus for growth. The improvement in the domestic business environment is also expected to be positive for CRISIL's domestic research business. The launch of Independent Equity

Research (IER) is also expected to provide a new growth engine for the domestic research business.

CRISIL Infrastructure advisory business has grown in many new geographies in 2009. With the Government's emphasis on infrastructure development and increase in investment activities, the outlook for the Infrastructure Advisory business is also promising. With the banking sector increasing focus on operational risk, market risk and advanced Basel II approaches, the outlook for CRISIL Risk Solutions also looks positive. On an overall basis, the improved business environment globally and domestically is expected to benefit all of CRISIL's businesses.

### 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 as well as for the various estimates and judgments used therein.

## A. Financial Condition

### 1) Fixed Assets

At the end of the year, the Company's investment in fixed assets was as under:

	Year Ended December 31, 2009 (Rs. in Lakhs)	Year Ended December 31, 2008 (Rs. in Lakhs)	Growth %
Gross Block	11,751.27	11,502.59	2.16%
Less : Accumulated Depreciation	6,806.73	6,037.55	12.74%
Net Block	4,944.54	5,465.04	-9.52%
Add : Capital Work in Progress	6,366.83	403.72	
Net Fixed Assets	11,311.37	5,868.76	92.74%
Depreciation as a % of Total Income	2.99%	2.93%	
Accumulated Depreciation as % of Gross Block	57.92%	52.49%	

During the year, the Company's investment in fixed assets and capital work in progress was Rs. 7,556.87 Lakhs whereas sale of assets realised Rs. 51.08 Lakhs. The assets acquired were mainly equipments, computers and leasehold improvements to support expansion of business and to provide for replacement of existing assets. The assets sold were mainly computers and furniture which were replaced. The Capital work-in-progress at the end of the year represents advances paid to operationalise new offices. Depreciation as a percentage of revenue was 2.99% as against 2.93% in the previous year and accumulated depreciation as a percentage of the gross block was 57.92% as against 52.49% in the previous year. The Company estimates that it will be able to fund its investments in fixed assets and infrastructure from its internal accruals and liquid assets. It may, however, take recourse to borrowings to fund such capital expenditure, if considered necessary.

## 2) Investments and Treasury

The Company's treasury as at 31st December, 2009, was Rs. 23,453.21 Lakhs mainly in fixed deposits with banks, money market mutual funds and fixed maturity plans.

## 3) Current Assets, Loans and Advances

Cash and cash equivalents were 16.80% of total assets as at December 31, 2009, as against 5.58% as at December 31, 2008. Sundry debtors were Rs. 6,949.78 Lakhs as at December 31, 2009, as against Rs. 8,031.72 Lakhs as at December 31, 2008. Debtors, as a percentage of the total operating revenue, improved from 21.23% (representing an outstanding of 77 days of operating revenue) to 15.74% (representing an outstanding of 57 days of operating revenue) during the year, mainly on account of improved collection efforts.

The break-up of debtors relating to various services is as under:

	As on Dec 31, 2009		As on Dec 31, 2008		Change
	Rs. Lakhs	%	Rs. Lakhs	%	
Rating Services	3,181.03	45.77%	2,382.23	29.66%	33.53%
Research Services	3,768.75	54.23%	5,649.49	70.34%	-33.29%
<b>TOTAL</b>	<b>6,949.78</b>	<b>100.00%</b>	<b>8,031.72</b>	<b>100.00%</b>	<b>-13.47%</b>

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

Loans and advances comprise of loans to staff, advances recoverable in cash or kind and sundry deposits. 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

the staff and commission payable to the Directors.

Advances received from clients include fees received for which services have not yet been rendered and unearned revenue at the year-end, which pertain to services to be rendered in the next financial year for which 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 AS 15. The valuation is made as



per Projected Unit Credit Method taking into account qualifying salary projected upto the assumed date of cessation of employment by whatever reason.

Proposed dividend represents the dividend recommended to the shareholders by the Board of Directors, which would 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.

(Rs. in Lakh)

Results of Operations Particulars	12 Months Ended		12 Months Ended		Growth
	Dec-09	%	Dec-08	%	
Income from Operations	44,162.34	95.08%	37,835.37	93.68%	16.72%
Other Income	2,283.02	4.92%	2,553.66	6.32%	-10.60%
<b>TOTAL INCOME</b>	<b>46,445.36</b>	<b>100.00%</b>	<b>40,389.03</b>	<b>100.00%</b>	<b>14.99%</b>
<b>Expenses</b>					
Personnel Expenses	15,953.90	34.35%	13,268.23	32.85%	20.24%
Establishment Expenses	4,741.51	10.21%	4,228.36	10.47%	12.14%
Other Expenses	5,327.86	11.47%	4,195.73	10.39%	26.98%
Depreciation	1,387.93	2.99%	1,184.38	2.93%	17.19%
<b>OPERATING EXPENSES</b>	<b>27,411.20</b>	<b>59.02%</b>	<b>22,876.70</b>	<b>56.64%</b>	<b>19.82%</b>
<b>PROFIT BEFORE TAX</b>	<b>19,034.16</b>	<b>40.98%</b>	<b>17,512.33</b>	<b>43.36%</b>	<b>8.69%</b>
Provision for Taxation	4,000.44	8.61%	3,774.52	9.35%	5.99%
<b>PROFIT AFTER TAX*</b>	<b>15,033.72</b>	<b>32.37%</b>	<b>13,737.81</b>	<b>*34.01%</b>	<b>9.43%</b>

During the year, operating income grew by 16.72% and operating expenses by 19.82% over the previous year. The net profit grew by 9.43% in absolute terms despite a challenging business environment.

Note: \*Previous year profit includes one time adjustment for reversal of leave provision of Rs. 789 Lacs. Due to this, Profit after tax margin for 2008 were higher by 1.29%.

(Rs. in Lakh)

Particulars	12 Months Ended		12 Months Ended		Growth
	Dec-09	%	Dec-08	%	
Rating Services	23,890.16	54.10%	18,877.53	49.89%	26.55%
Research Services	20,272.18	45.90%	18,957.84	50.11%	6.93%
<b>INCOME FROM OPERATIONS</b>	<b>44,162.34</b>	<b>100.00%</b>	<b>37,835.37</b>	<b>100.00%</b>	<b>16.72%</b>

During the year, rating income grew by 26.55% mainly driven by growth in Bank Loan (BLR) and Small and Medium Enterprise (SME) ratings whereas research income recorded a growth of 6.93%

The composition and growth of expenses during the year is as under:

(Rs. in Lakh)

Particulars	12 Months Ended		12 Months Ended		Growth
	Dec-09	%	Dec-08	%	
Personnel Expenses	15,953.90	34.35%	13,268.23	32.85%	20.24%
Establishment Exp.	4,741.51	10.21%	4,228.36	10.47%	12.14%
Other Expenses	5,327.86	11.47%	4,195.73	10.39%	26.98%
Depreciation	1,387.93	2.99%	1,184.38	2.93%	17.19%
<b>TOTAL EXPENSES</b>	<b>27,411.20</b>	<b>59.02%</b>	<b>22,876.70</b>	<b>56.64%</b>	<b>19.82%</b>
<b>REVENUES</b>	<b>46,445.36</b>	<b>100.00%</b>	<b>40,389.03</b>	<b>100.00%</b>	<b>14.99%</b>

During the year, staff expenses increased by 20.24% due to increase in salaries and addition of 167 employees. Establishment expenses were higher due to operationalisation of new offices during the year. The revenue and profit per employee were Rs. 24.4 Lakhs and Rs. 7.9 Lakhs respectively. The Company would continue its efforts to improve upon this through business process re-engineering and effective use of technology. The key challenge for the Company is to retain and re-skill people in line with fast-changing organisational goals in the context of globalisation and competition. 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 last five years are as under:

Year ended	Dec-09	Dec-08	Dec-07	Dec-06	Dec-05 (9 months)
Number of Employees	1900	1733	1521	814	546
Revenue per employee (Rs.lakh)	24.4	23.3	17.8	19.3	15.6
Net Profit per Employee (Rs. lakh)	7.9	7.9	4.7	4.6	3.2

## Interest

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

## C. Risk Management

CRISIL faces the following types of risks in its business operations:

### 1) Business Risks

Over the years, to mitigate the risk arising out of high dependence on ratings business, the Company has adopted a strategy of launching new products/services, globalising its operations and diversifying into non-ratings businesses. The strategy has yielded good results and non-ratings businesses have been making steady progress with the result that the Company currently has 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 actively attempts to diversify its client base and industry segments. The Company continuously strives to add value to its clients by providing superior quality service and maintaining strong franchise with investors and end-users of its services, to mitigate the risk arising from price competition. High repeat business from large clients, however, contributes significantly to the Company's revenues. CRISIL's Centres 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 and re-skill people in line with fast-changing and highly competitive

business environment and globalisation. To address this risk, the Company continues its efforts to provide its staff 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 minimised through 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 increasing. The Company proposes to address this through appropriate hedging mechanisms on need basis.

### 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 compliance issues with various laws in the country and ensures that the Company does not violate the same. The Compliance Officer reports on the compliance or otherwise of the laws of various jurisdictions at every Board meeting. The Company also seeks independent legal advice wherever needed.

### 4) Technology-Related Risks

The Company uses information technology extensively for its business. 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 carried out regularly to ensure that the policies and processes are satisfactory and in line with internationally-accepted practices. The Company's business processes are automated through customised business applications which capture and maintain information regarding business processes thus protecting its knowledge base. The Company also possesses intellectual property rights for the customised business applications. The technology used throughout the Company at all locations provides for redundancy. There is also a disaster recovery solution in place. For critical business process, business teams have defined a business continuity plan and have tested them with the help of the IT team. The technology department keeps continuously abreast of the technology changes and suitably undertakes projects for technology upgradation to keep the technology infrastructure current and also 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 is conducted by an independent firm, reviewed 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

Significant portion of the Company's revenues come from rating services, which depend on several factors including regulatory policy. The Reserve Bank of India has mandated the usage 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 business, the Company has continued to pursue its strategy of diversification, globalising its operations and building a strong franchise with investors by holding investor meets and seminars for improving transparency around ratings/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 like plans, expects, will, anticipates, intends, all statements that address expectation and projection about the future including but not limited to statements about the Company's strategy for growth, product development, market development, market position, expenditure and financial results. These forward-looking statements are based on certain assumptions and expectation of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual result or performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend any forward-looking statements, on the basis of any subsequent developments, information or events.*

# 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 on 31st December, 2009, 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. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For S.R. Batliboi & Co.,  
Chartered Accountants

per Shrawan Jalan  
Partner

Membership No.: 102102

Place: Mumbai

Date: February 18, 2010

## 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 18, 2010



# 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, disclosure standards and enhancing 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. 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 of 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. Ravi Singhania is a partner. Whole-time Directors are excluded from serving on the Board of any other entity unless the said entity is an entity whose interests 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 and their shareholdings are given below:

Name of the Director	Memberships on other Boards	Committee Memberships
<b>B. V. Bhargava</b>	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
	National Commodity & Derivative Exchange Limited	Member, Audit Committee
	Supreme Industries Limited	-
	L&T Infrastructure Finance Company Limited	-
	Grasim Bhiwani Textiles Limited	Chairman, Audit Committee
	Lakshmi Precision Screws Limited	-
<b>H. N. Sinor</b>	3i Infotech Limited	-
	3i Infotech Holdings Pvt.Limited (Mauritius)	-
	ICICI Venture Funds Management Company Limited	Member, Audit Committee
	ICICI Prudential Asset Management Company Limited	-
	ICICI Lombard General Insurance Company Limited	Member, Audit Committee
	Sahara India Financial Corporation Limited	Member, Audit Committee
	Themis Medicare Limited	Chairman, Audit Committee
	Tata Capital Limited	Member, Audit Committee
	Tata Motor Finance Limited	-
	Tata Investments Corporation Limited	Member, Audit Committee
	Zorastrian Co-operative Bank Limited	Chairman, Audit Committee
India Strategic Assets Funds Limited, Guersney	-	
Avaya Global Connect Limited	Member, Audit Committee and Chairman, Shareholders Grievances Committee	
<b>Rama Bijapurkar</b>	Infosys Technologies Ltd.	Chairperson, Investor Grievances Committee
	Godrej Consumer Products Ltd	-
	CRISIL Risk and Infrastructure Solutions Limited	-
	AXIS Bank Ltd.	-
	Mahindra Holidays & Resorts India Limited	Member, Audit Committee
	Mahindra and Mahindra Financial Services Limited	Member, Audit Committee
	ICICI Prudential Life Insurance Company Limited	-
	Bharat Petroleum Corporation Limited	-
<b>Nachiket Mor</b>	IndiaMart InterMESH Limited	-
	RUDI Multi Trading Company Limited	-
	Financial Information Network and Operations Limited (FINO)	-
<b>Deven Sharma</b>	-	-



Name of the Director	Memberships on other Boards	Committee Memberships
<b>Thomas Schiller</b>	CRISIL Risk and Infrastructure Solutions Limited	-
<b>David Pearce</b>	CRISIL Risk and Infrastructure Solutions Limited	-
<b>Ravinder Singhania (alternate Director)</b>	Unitech Limited Assets Care Enterprise Limited	- -
<b>Roopa Kudva</b>	National Commodity & Derivatives Exchange Limited India Index Services & Products Limited Irevna LLC, US Irevna Limited , UK CRISIL Irevna Poland Sp. Z.o.o CRISIL Credit Information Services Limited	Member, Audit Committee - - - - -

## Details of Shareholdings of Directors as on December 31, 2009

Name of the Director	No. of shares held
B. V. Bhargava	-
H. N. Sinor	-
Rama Bijapurkar	-
Nachiket Mor	-
Deven Sharma	-
Thomas Schiller	-
David Pearce	-
Ravinder Singhania, Alternate Director	-
Roopa Kudva, MD & CEO	24000

year ended December 31, 2009, the Board met four times on 23.02.2009, 28.04.2009, 24.07.2009 and 29.10.2009. Most Board meetings were well-attended as shown below. The agenda of Board meeting is sent to all the Directors well in advance and contains all the relevant information. The Company has an Executive Committee comprising of 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. G.V. Mani heads the offshoring business, Mr. Mukesh Agarwal heads the research business and Mr. Arun Panicker oversees operations. Mr. S. R. Ramanujam heads the infrastructure advisory and risk solutions business which is carried on by a wholly owned subsidiary.

## 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

Name of the Directors	No. of Board meetings held	No. of Board meetings attended	Last Annual General Meeting attendance
B. V. Bhargava	4	4	Yes
H. N. Sinor	4	4	Yes
Rama Bijapurkar	4	4	Yes
Nachiket Mor	4	3	Yes
*Deven Sharma	4	-	N. A.
Thomas Schiller	4	4	Yes
David Pearce	4	4	Yes
** R. Ravimohan	4	3	Yes
Roopa Kudva	4	4	Yes

\* appointed as a Director with effect from 29.10.2009

\*\* ceased to be a Director with effect from 06.08.2009

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 and 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 commission. The commission payable to each of the 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 upto 3% of the net profits of the Company determined in accordance with the provisions of the section 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% 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 the whole-time Directors and employees comprises two broad components - short-term remuneration and long-term rewards. The Compensation Committee, comprising of two independent Directors, determines the remuneration of the 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 of 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 the shareholders.

Total remuneration is set at levels to attract, motivate and retain high calibre and high potential personnel within a competitive global market. 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, business unit performance linked incentives are payable in the event of the business unit performing better than budgeted levels. 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 of 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, length of service etc. The Plan is supervised by the Compensation Committee. Non whole-time Directors are not eligible for participating in the Plan. CRISIL has no Employee Stock Option Scheme in force currently.



### Sitting Fees and Commission paid to non whole-time Directors

(Amount in Rs.)

Name of the Directors	Sitting Fees	Commission	Total
B. V. Bhargava	280,000	1,987,200	2,267,200
H. N. Sinor	160,000	1,821,600	1,981,600
Rama Bijapurkar	100,000	1,821,600	1,921,600
Nachiket Mor	40,000	Nil	40,000
* Deven Sharma	–	–	–
Thomas Schiller	200,000	993,600	1,193,600
David Pearce	140,000	993,600	1,133,600
Ravinder Singhania (Alternate Director)	–	–	–
**R. Ravimohan	80,000	1,159,200	1,239,200
<b>TOTAL</b>	<b>1,000,000</b>	<b>8,776,800</b>	<b>9,776,800</b>

\* appointed as a Director with effect from 29.10.2009

\*\* ceased to be a Director with effect from 06.08.2009

### Remuneration Paid to whole-time Director for the year ended December 31, 2009

(Rs. in Lakh)

Name of the Director	Roopa Kudva
Salary	113.11
Perquisites	4.62
Variable Pay/Commission	68.00
Provident Fund & Gratuity	4.28
Appointment valid till	July 27, 2012
Notice period	3 months

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:

Audit Committee comprises of four non-executive Directors who are well-versed with financial matters and corporate laws. Mr. H.N. Sinor is the Chairman of the Audit Committee. Mr. B. V. Bhargava, Dr. Nachiket Mor and Mr. David Pearce are the 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 during the year on 23.02.2009, 28.04.2009, 24.07.2009 and 29.10.2009.

Director	No. of committee meetings held	No. of committee meetings attended
H. N. Sinor	4	4
B. V. Bhargava	4	4
Dr. Nachiket Mor	4	3
David Pearce	4	3

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.

### 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 is also conscious of maintaining stability in its dividend payout over the years. From last year, CRISIL has commenced the practice of paying out 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. B. V. Bhargava (Chairman) and one whole-time Director Ms.

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. B.V. Bhargava (Chairman), Mr. Thomas Schiller, Mr. David Pearce and one executive Director, Ms. Roopa Kudva. Mr. David Pearce was appointed as a member with effect from 29.10.2009. 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 29.10.2009.

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

\* appointed as a member with effect from 29.10.2009

### Investors Grievance Committee:

The Investors Grievance Committee comprises of two non-executive Directors, Mr. B. V. 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 during the year on 23.02.2009, 28.04.2009, 24.07.2009 and 29.10.2009.

Director	No. of committee meetings held	No. of committee meetings attended
B. V. Bhargava	4	4
Thomas Schiller	4	4
Roopa Kudva	4	4

### Compensation Committee:

The Compensation Committee comprises of four non-executive Directors, Mr. B. V. Bhargava (Chairman), Mr. Deven Sharma, Ms. Rama Bijapurkar and Mr. Thomas Schiller. Mr. Deven Sharma was appointed as a member on the Compensation Committee on 29.10.2009. The Chairman of the Compensation Committee was present at the Annual General Meeting held on April 28, 2009. 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 the whole-time Directors and employees of the Company. The annual compensation of the 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 23.02.2009.

Director	No. of committee meetings held	No. of committee meetings attended
B. V. Bhargava	1	1
Rama Bijapurkar	1	1
Thomas Schiller	1	1
*R. Ravimohan	1	1
**Deven Sharma	1	-

\* ceased to be a member with effect from 06.08.2009

\*\* appointed as a member with effect from 29.10.2009



## 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, as its Chairman, 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.

## SHAREHOLDERS

### 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 the shareholders.
2. Quarter and Annual financial results are published in the leading national and regional newspapers and displayed on the Company's website.
3. Quarter and Annual Results, Shareholding Pattern and Annual Report are posted on SEBI's EDIFAR website.
4. News Releases, Press Releases and presentations made to investors and analysts are displayed on the Company's website.

5. Annual Report is circulated to all the 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 the Companies in which he/she holds directorship and membership of Committees of the Board.

### Grievance Redressal

The Board has formed an Investor Grievance Committee to review and redress the 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
Twentieth Annual General Meeting	April 27, 2007 at 3.30 p.m	Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, Fort. Mumbai - 400001.
Twenty First Annual General Meeting	April 23, 2008 at 3.30 p.m	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 p.m	Rangaswar Hall, 4th floor, Yashwantrao Chavan Pratishthan, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021.

Special Resolutions passed at the last three general body meetings were as under:

**At the Twentieth Annual General Meeting held on April 27, 2007.**

- Payment of remuneration by way of commission not exceeding three percent per annum of the net profits to be paid to all Non Whole-time Directors for a period of five years from January 01, 2008.

**At the Twenty First Annual General Meeting held on April 23, 2008.**

- Nil

**At the Twenty Second Annual General Meeting held on April 28, 2009.**

- Nil

### 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. There was no business during the year which was required to be passed by postal ballot.

### 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 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 and the same is available on the website of the Company.

### Whistle Blower Policy:

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



# CRISIL Group Ten Year Highlights

Year ended	Dec-09	Dec-08	Dec-07	Dec-06
Revenues	56,027.71	53,618.47	41,349.28	29,403.05
Profit Before Tax	20,746.00	18,704.54	11,063.54	8,022.17
Profit After Tax	16,077.77	14,057.44	8,366.38	6,143.09
EPS (Rs.)	222.53	194.57	117.79	87.78
Market Capitalisation	321,151	177,338	266,314	152,123
Number of employees	2,164	1,956	1,750	1,484
Net Worth	43,381.13	35,751.28	27,644.39	18,890.49
Net worth per share (Rs.)	600.43	494.83	382.62	279.63
Dividend %	1000	700	250	150
Revenue per Employee	25.89	27.41	23.63	19.81
Profit After Tax per Employee	7.43	7.19	4.78	4.14

directors' report

management discussion & analysis report

auditors' certificate for corporate governance

report of directors on corporate governance

**CRISIL Group ten year highlights**

general information for members

(Rs. in Lakh)

Dec-05 9 Months	Mar-05	Mar-04	Mar-03	Mar-02	Mar-01
14,258.57	12,205.96	8,968.15	7,624.82	7,105.63	5,163.99
3,554.15	3,136.53	2,805.31	2,680.86	2,720.77	1,274.66
2,450.81	1,984.86	1,932.07	1,666.95	1,158.72	894.96
35.45	31.34	30.88	26.80	18.69	14.43
100,835	43,785	31,153	15,834	19,639	7,440
1,081	638	496	394	370	368
13,187.09	10,498.44	9,208.85	7,854.24	6,838.17	6,467.08
200.32	164.93	146.32	125.80	110.29	104.31
100	125	100	100	65	55
13.19	19.13	18.08	19.35	19.20	14.03
2.27	3.11	3.90	4.23	3.13	2.43



# General Information for Members

1. **Annual General Meeting** :

Date and Time April 16, 2010 at 3.30 p.m.

Venue Rangaswar Hall, 4th floor,  
Yashwantrao Chavan Pratishthan,  
Gen. Jagannath Bhosale Marg,  
Next to Sachivalaya Gymkhana,  
Mumbai - 400 021.
  
2. **Calendar for Financial Reporting for the** :

First Quarter ending March 31, 2010 Friday, April 16, 2010

Second Quarter ending June 30, 2010 Thursday, July 22, 2010

Third Quarter ending September 30, 2010 Monday, October 18, 2010

Year Ending December 31, 2010 End of February, 2011

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](http://www.crisil.com) and [www.sebi.gov.in](http://www.sebi.gov.in)
  
3. **Proposed Final Dividend** : Rs. 25 per share having nominal value of Rs. 10 each.
  
4. **Dates of Book Closure** : Wednesday, March 17, 2010 to Thursday, March 18, 2010 (both days inclusive)
  
5. **Dividend Payment Date** : Before May 15, 2010 (if dividend payment is approved at the Annual General Meeting).
  
6. **Listing Details** : The shares of the Company are listed on:

  - **National Stock Exchange of India Limited (NSE)**  
Exchange Plaza, 5th Floor,  
Plot No. C/1, G Block,  
Bandra-Kurla Complex,  
Bandra (E), Mumbai - 400 051.
  - **Bombay Stock Exchange Limited (BSE)**  
Jeejeebhoy Towers, Dalal Street,  
Fort, Mumbai - 400 001.

The Company has paid listing fees at both the exchanges and has complied with the listing requirements.

7. **Stock Code** : National Stock Exchange of India Limited (NSE) - CRISIL  
Bombay Stock Exchange Limited (BSE) - 500092.  
ISIN Number: INE007A01017
8. **Registrars and Share Transfer Agents** : Karvy Computershare Private Limited  
Karvy House, 21, Avenue - 4,  
Plot No.17 to 24, Near Image Hospital,  
Vittalrao Nagar, Madhapur,  
Hyderabad -500 081.  
Phone No. 040-23420818-828  
Fax. No. 040-23420814
9. **Compliance Officer** : Mr. Shrikant Dev,  
Company Secretary  
CRISIL House,  
Central Avenue, Hiranandani Business Park,  
Powai, Mumbai - 400 076.  
Phone: 022-33423000  
Fax: 022-33423810
10. **Depository System** : Currently, 99.55% 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.
11. **Electronic Clearing Service (ECS)** : 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.

12. **Bank Details for Electronic Shareholding** : 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.
13. **Furnish Copies of Permanent Account Number (PAN)** : 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 .
14. **Investor Complaints to be addressed to** : Registrars and Share Transfer Agents or to Mr. Shrikant Dev, Compliance Officer, at the above mentioned addresses.
15. **Email ID of Grievance Redressal Division** : investors@crisil.com

## Depository Services / Dematerialisation

We note that a few of our shareholders still hold shares in physical form. Since our equity shares are under compulsory demat trading, those with physical shares are unable to trade. Hence we recommend conversion of physical shares to demat. Other advantages are:

- No damage or loss of certificate
- Cases of forgery or tearing or mutilation of share certificate(s) are eliminated.
- You can buy or sell shares in electronic form without any paperwork and without paying any stamp duty as is applicable to scrip based transaction.

You can demat your shares by opening a Depository account with both NSDL/CDSL for a small annual charge. Steps involved are:

- Shareholder fills out a Dematerialisation Request Form (DRF) and surrenders the defaced share certificate (s) along with the DRF to the DP.
- DP intimates the company through the system of NSDL/CDSL.
- DP submits the share certificate(s) and the DRF to the Company.
- The Company updates the Register of Members and then validates the request.
- Depository credits the DP's account and informs the shareholder.

## Shareholding Pattern as on December 31, 2009

Sr. No	Category	No. of shares held	% Holding
1	Group Holding of The McGraw-Hill Companies		
	a) Standard & Poor's International LLC	600,000	8.30
	b) S&P India LLC	3,120,948	43.20
2	Individuals	1,324,402	18.33
3	FIs	682,615	9.45
4	Mutual Funds/UTI	590,299	8.17
5	Insurance Companies	474,452	6.57
6	Financial Institutions/Banks	216,334	2.99
7	Bodies Corporate	174,171	2.41
8	Directors	24,000	0.33
9	NRIs	17,779	0.25
	<b>Total</b>	<b>7,225,000</b>	<b>100.00</b>

## Members holding more than 1% of the paid-up share capital as on December 31, 2009

Sr. No	Name of the Shareholder	No. of shares held	% Holding
1	Group Holding of The McGraw-Hill Companies		
	a) Standard & Poor's International LLC	600,000	8.30
	b) S&P India LLC	3,120,948	43.20
2	Jhunjhunwala Rakesh & Rekha	550,000	7.61
3	General Insurance Corporation of India	303,039	4.19
4	Unit Trust of India	262,477	3.63
5	Acacia Partners, LP/Acacia Institutional Partners, LP	227,838	3.15
6	State Bank of India	200,390	2.77
7	Life Insurance Corporation of India	171,413	2.37
8	Franklin Templeton Investment Funds	116,950	1.62
9	Bright Star Investments Pvt Ltd	94,238	1.30
10	Variable Insurance Products Fund III - Mid Cap	88,255	1.22



## Status report on number of shareholder requests/complaints received and resolved by the Company during the year ended December 31, 2009

Nature of Correspondence	Received	Resolved	Pending
Transfer/Transposition/Transmission	5	5	–
Dematerialisation/Remat/ECS/other Request	27	27	–
Registration of Power of Attorney	0	0	–
Issue of duplicate share certificate/correction/process queries	3	3	–
Non-receipt of dividend warrant	30	30	–
Issue of duplicate drafts in lieu of warrants/revalidation of warrants	38	38	–
Incorporation of change of address	5	5	–
Incorporation of bank mandate	1	1	–
<b>TOTAL</b>	<b>109</b>	<b>109</b>	<b>–</b>

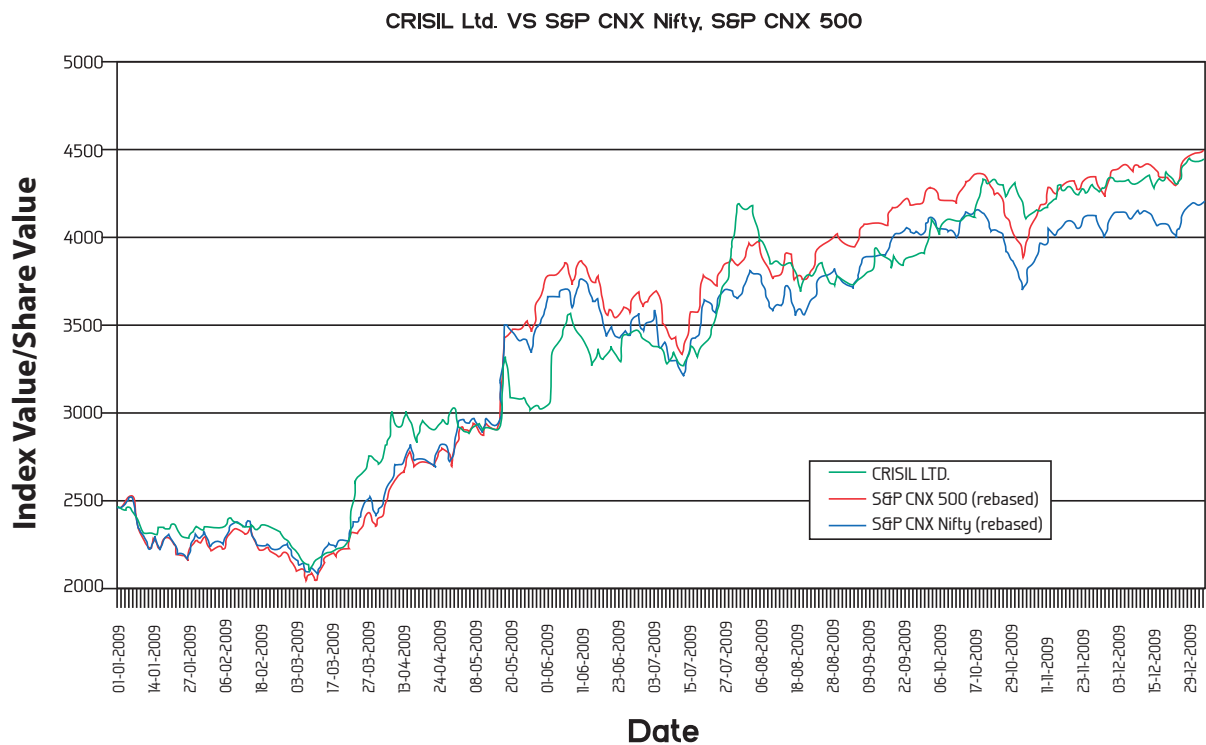
## Price movements of the Company's shares on National Stock Exchange of India Ltd and Bombay Stock Exchange Limited for the period from January to December 2009

### NSE

Month	High (Rs.)	Low (Rs.)
January	2580.00	2105.00
February	2450.00	2235.00
March	2775.00	2052.00
April	3170.00	2700.00
May	3400.00	2466.85
June	3650.00	3011.00
July	4399.00	3202.00
August	4600.00	3635.00
September	4290.00	3470.50
October	4389.00	3980.00
November	4374.95	4001.00
December	4515.00	4221.00

### BSE

Month	High (Rs.)	Low (Rs.)
January	2529.50	2151.00
February	2485.00	2250.90
March	2777.00	2050.05
April	3165.00	2700.00
May	3300.00	2760.05
June	3675.00	3020.00
July	4375.00	3180.50
August	4175.00	3708.70
September	4298.90	3645.00
October	4430.00	3690.00
November	4355.00	4100.00
December	4598.90	4250.00



## Shareholders Rights:

A shareholder in CRISIL 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.

# 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, 2009 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 (Auditors' 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, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2009 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, 2009;
  - 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.  
Chartered Accountants

per Shrawan Jalan

Partner

Place: Mumbai

Date: February 18, 2010

Membership No.: 102102



## 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. As informed, 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 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 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 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	9,745,319	A.Y. 2001 – 02	ITAT
		2,870,130	A.Y. 2003 – 04	A.O
		13,203,031	A.Y. 2004 – 05	CIT(Appeals)
		2,019,600	A.Y. 2006 – 07	CIT(Appeals)
		10,431,937	A.Y. 2007 – 08	CIT (Appeals)

x) The Company has no 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 or debenture holders.

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 has not issued any 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.  
Chartered Accountants

per Shrawan Jalan

Partner

Place: Mumbai

Date: February 18, 2010

Membership No.: 102102



# Balance Sheet

## As at December 31, 2009

(Amount in Rs.)

	Schedule	December 31, 2009	December 31, 2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share Capital	A	72,250,000	72,250,000
Reserves and Surplus	B	4,050,013,397	3,391,930,411
<b>TOTAL</b>		<b>4,122,263,397</b>	<b>3,464,180,411</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	C	1,175,126,681	1,150,259,147
Less: Accumulated Depreciation/Amortisation		680,673,175	603,754,814
Net Block		494,453,506	546,504,333
Capital Work-In-Progress (including Capital Advances)		636,682,868	40,372,073
		1,131,136,374	586,876,406
<b>Investments</b>	D	1,814,901,674	1,864,940,836
<b>Deferred Tax Assets (Net) (Refer Note 6 - Schedule P)</b>		87,908,504	66,990,201
<b>Current Assets, Loans And Advances</b>			
Sundry Debtors	E	694,978,977	803,172,196
Cash and Bank Balances	F	1,345,360,048	1,007,706,020
Loans and Advances	G	618,332,273	523,224,778
Other Current Assets	H	109,724,102	18,370,683
		2,768,395,400	2,352,473,677
<b>Less: Current Liabilities And Provisions</b>			
Current Liabilities	I	1,329,089,698	988,665,679
Provisions	J	350,988,857	418,435,030
		1,680,078,555	1,407,100,709
<b>Net Current Assets</b>		1,088,316,845	945,372,968
<b>TOTAL</b>		<b>4,122,263,397</b>	<b>3,464,180,411</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.  
Chartered Accountants

per Shrawan Jalan  
Partner  
Membership No.: 102102

Place : Mumbai  
Date : February 18, 2010

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

Ravinder Singhania  
Director

Roopa Kudva  
Managing Director & Chief Executive Officer

Shrikant Dev  
Company Secretary

Thomas Schiller  
Director

David Pearce  
Director

H.N. Sinor  
Director

B V Bhargava  
Director

Rama Bijapurkar  
Director

Nachiket Mor  
Director

# Profit & Loss Account

For the year ended December 31, 2009

(Amount in Rs.)

	Schedule	Year Ended December 31, 2009	Year Ended December 31, 2008
<b>INCOME</b>			
Income from Operations	K	4,416,234,450	3,783,536,652
Other Income	L	228,301,849	255,366,239
<b>TOTAL</b>		<b>4,644,536,299</b>	<b>4,038,902,891</b>
<b>EXPENDITURE</b>			
Personnel Expenses	M	1,595,390,298	1,326,822,795
Establishment Expenses	N	474,151,290	422,836,123
Other Expenses	O	532,786,491	419,572,592
Depreciation		138,792,701	118,437,614
		2,741,120,780	2,287,669,124
<b>Profit Before Tax</b>		<b>1,903,415,519</b>	<b>1,751,233,767</b>
<b>Tax Expense (Refer Note 4 - Schedule P)</b>			
Income Tax		416,894,000	401,830,000
Fringe Benefit Tax		3,308,000	12,592,000
Wealth Tax		759,960	314,700
Deferred Tax Benefit		(20,918,303)	(37,284,855)
		400,043,657	377,451,845
<b>Profit After Tax</b>		<b>1,503,371,862</b>	<b>1,373,781,922</b>
Balance brought forward from previous year		1,766,363,716	1,121,662,200
<b>Profit Available for Appropriation</b>		<b>3,269,735,578</b>	<b>2,495,444,122</b>
<b>Dividend</b>			
Interim		541,875,000	252,875,000
Proposed Final Dividend		180,625,000	252,875,000
<b>TOTAL</b>		<b>722,500,000</b>	<b>505,750,000</b>
Dividend Tax on Interim and Proposed final dividend		122,788,876	85,952,214
Transfer to General Reserve		150,337,186	137,378,192
Balance carried to Balance Sheet		2,274,109,516	1,766,363,716
		3,269,735,578	2,495,444,122
Basic and Diluted Earnings Per Share - Nominal value of Rs. 10		208.08	190.14
Number of Shares used in Computing Earnings Per Share		7,225,000	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.  
Chartered Accountants

per Shrawan Jalan  
Partner  
Membership No.: 102102

Place : Mumbai  
Date : February 18, 2010

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

Ravinder Singhania  
Director

Roopa Kudva  
Managing Director & Chief Executive Officer

Shrikant Dev  
Company Secretary

Thomas Schiller  
Director

David Pearce  
Director

H.N. Sinor  
Director

B V Bhargava  
Director

Rama Bijapurkar  
Director

Nachiket Mor  
Director

# Cash Flow Statement

For the year ended December 31, 2009

(Amount in Rs.)

	Year Ended December 31, 2009	Year Ended December 31, 2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	1,903,415,519	1,751,233,767
Adjustments for:		
Depreciation	138,792,701	118,437,614
Provision for leave encashment	28,779,951	(17,266,609)
Provision for gratuity	(11,697,236)	2,498,895
Unrealised Foreign exchange loss	4,730,151	25,673,197
Loss on sale of fixed assets	6,260,835	2,184,622
(Profit) on sale of investments	(96,467,976)	(89,233,303)
Provision for bad debts	46,223,090	16,250,245
Interest on deposits	(103,316,981)	(31,955,543)
Interest on loan to subsidiary	(3,472,603)	(6,320,547)
Dividend Income - Subsidiaries	–	(58,987,500)
Dividend Income - Other Investments	(3,932,500)	(4,419,265)
Dividend income from current investments	(4,062,840)	–
Diminution in value of Investments	–	13,642,499
<b>Operating profit before working capital changes</b>	1,905,252,111	1,721,738,072
<b>Movements in working capital</b>		
- (Increase)/decrease in sundry debtors	57,239,978	(166,854,449)
- (Increase)/decrease in sundry deposits	(125,816,612)	(9,746,074)
- (Increase)/decrease in loans	(2,935,407)	(820,577)
- (Increase)/decrease in advances	(7,693,160)	(8,899,253)
- (Increase)/decrease in accrued revenue	(35,532,491)	(4,607,836)
- Increase/(decrease) in sundry creditors	243,355,536	107,379,537
- Increase/(decrease) in fee received in advance	83,422,182	184,703,952
- Increase/(decrease) in other liabilities	11,809,574	26,326,802
Cash generated from operations	2,129,101,711	1,849,220,174
- Taxes paid	(369,624,276)	(482,834,082)
<b>Net cash generated from operating activities - (A)</b>	1,759,477,435	1,366,386,092

Contd...

# Cash Flow Statement

## For the year ended December 31, 2009

(Amount in Rs.)

	Year Ended December 31, 2009	Year Ended December 31, 2008
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(755,687,962)	(204,696,607)
Proceeds from sale of fixed assets	5,108,651	3,095,241
Investments in mutual funds	(804,062,841)	(1,150,000,000)
Sale proceeds from investments in mutual funds	950,569,979	1,090,149,041
Investment in fixed deposits (net)	196,439,540	(802,573,695)
Consideration received towards sale of a subsidiary	–	100,324,000
Investment in CRISIL Irevna Argentina, S.A	–	(10,501,668)
Interest on deposits	108,761,860	20,797,845
Interest on loan to subsidiary	3,472,603	6,320,547
Dividend Income - Subsidiaries	–	58,987,500
Dividend Income - Other Investments	3,932,500	4,419,265
Dividend income from current investments	4,062,840	–
<b>Net cash generated from/(used in) investing activities - (B)</b>	<b>(287,402,830)</b>	<b>(883,678,531)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend and dividend tax paid	(927,981,037)	(505,276,839)
Loan (given) / repaid to CRISIL Risk and Infrastructure Solutions Limited (net)	(10,000,000)	49,700,000
<b>Net cash generated from/(used in) financing activities - (C)</b>	<b>(937,981,037)</b>	<b>(455,576,839)</b>
<b>Net Increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>534,093,568</b>	<b>27,130,722</b>
Cash and cash equivalents - Opening balance	193,222,622	166,091,900
Cash and Cash Equivalents - Closing balance	727,316,190	193,222,622
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>	<b>534,093,568</b>	<b>27,130,722</b>
Components of Cash and Cash Equivalents as at *		
Cash on hand	–	137,941
With banks on current account	727,316,190	193,084,681
	727,316,190	193,222,622
*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.  
Chartered Accountants

per Shrawan Jalan  
Partner  
Membership No.: 102102

Place : Mumbai  
Date : February 18, 2010

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

Ravinder Singhania  
Director

Roopa Kudva  
Managing Director & Chief Executive Officer

Shrikant Dev  
Company Secretary

Thomas Schiller  
Director

David Pearce  
Director

H.N. Sinor  
Director

B V Bhargava  
Director

Rama Bijapurkar  
Director

Nachiket Mor  
Director



# Schedules

## Annexed to and forming part of the Accounts

(Amount in Rs.)

	December 31, 2009	December 31, 2008
<b>SCHEDULE A:</b>		
<b>Share Capital</b>		
Authorised Capital:		
10,000,000 (PY. 10,000,000) Equity Shares of Rs. 10 each	100,000,000	100,000,000
Issued, Subscribed and Paid Up:	72,250,000	72,250,000
7,225,000 (PY. 7,225,000) Equity Shares of Rs. 10 each fully paid up [Of the above, 600,000 (PY. 600,000) Equity Shares are held by Standard & Poor's International LLC, USA and 3,120,948 (PY. 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)]		
<b>TOTAL</b>	<b>72,250,000</b>	<b>72,250,000</b>
<b>SCHEDULE B:</b>		
<b>Reserves and Surplus</b>		
Securities Premium Account	474,890,071	474,890,071
Capital Reserve	122,232,111	122,232,111
Profit and Loss Account	2,274,109,516	1,766,363,716
General Reserve		
Balance as per last Balance Sheet	1,028,444,513	891,066,321
Add : Transferred from Profit and Loss Account	150,337,186	137,378,192
	1,178,781,699	1,028,444,513
<b>TOTAL</b>	<b>4,050,013,397</b>	<b>3,391,930,411</b>

# Schedules

## Annexed to and forming part of the Accounts

### SCHEDULE C: Fixed Assets

(Amount in Rs.)

	Gross Block at Cost			Accumulated Depreciation/Amortification			Net Block			
	As on Jan 1, 2009	Additions	Deductions/ Adjustments	As on Dec 31, 2009	Upto Jan 1, 2009	For the Year	Deductions/ Adjustments	Upto Dec 31, 2009	As on Dec 31, 2009	As on Dec 31, 2008
<b>Intangibles</b>										
Goodwill	8,959,000	-	-	8,959,000	8,959,000	-	-	8,959,000	-	-
Trademarks	65,430,000	-	-	65,430,000	65,430,000	-	-	65,430,000	-	-
Copyrights	1,729,500	-	-	1,729,500	1,729,500	-	-	1,729,500	-	-
<b>Fixed Assets</b>										
Buildings ( Refer note below)	278,609,665	-	92,932,833	185,676,832	107,141,796	13,930,484	31,667,026	89,405,254	96,271,578	171,467,869
Furniture and Fixtures	126,029,487	21,557,262	11,645,848	135,940,901	58,980,769	14,229,958	4,341,597	68,869,130	67,071,771	67,048,718
Office Equipments	146,115,702	28,036,178	3,616,154	170,535,726	56,337,090	14,676,165	1,353,168	69,660,087	100,875,639	89,778,612
Computers	345,536,249	68,311,333	6,911,509	406,936,073	258,616,800	65,733,457	6,834,399	317,515,858	89,420,215	86,919,449
Vehicles	48,962,918	4,816,179	12,517,400	41,261,697	31,086,312	9,582,200	11,364,513	29,303,999	11,957,698	17,876,606
Leasehold Improvements	128,886,626	36,656,215	6,885,889	158,656,952	15,473,547	20,640,437	6,313,637	29,800,347	128,856,605	113,413,079
<b>TOTAL</b>	<b>1,150,259,147</b>	<b>159,377,167</b>	<b>134,509,633</b>	<b>1,175,126,681</b>	<b>603,754,814</b>	<b>138,792,701</b>	<b>61,874,340</b>	<b>680,673,175</b>	<b>494,453,506</b>	<b>546,504,333</b>
<b>Previous Year</b>	<b>950,956,551</b>	<b>244,709,546</b>	<b>45,406,950</b>	<b>1,150,259,147</b>	<b>525,444,287</b>	<b>118,437,614</b>	<b>40,127,087</b>	<b>603,754,814</b>	<b>546,504,333</b>	

Note: Adjustments in building is with respect to certain properties held by the Company being classified as held for sale. Refer Schedule H



# Schedules

## Annexed to and forming part of the Accounts

(Amount in Rs.)

	December 31, 2009	December 31, 2009	December 31, 2008	December 31, 2008
<b>SCHEDULE D:</b>				
<b>Investments</b>				
<b>A. Long Term (Unquoted - At Cost)</b>				
<b>Investment in Subsidiaries (Companies under same management)</b>				
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
8,000,000 (P.Y. 8,000,000) Equity Shares of Irevna Limited ,UK, of £ 0.001 each, fully paid up		695,383,859		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
<b>Other Investments</b>				
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
3,600,000 (P.Y. 3,600,000) Equity Shares of National Commodity and Derivative Exchange Limited of Rs. 10 each, fully paid up		36,000,000		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
40,000 (P.Y. 40,000) Equity Shares of Gas Strategies Group Limited of £1 each, fully paid up		16,185,438		16,185,438
<b>Total Long Term (At Cost) - (A)</b>		<b>814,940,836</b>		<b>814,940,836</b>
<b>B. Current Investments ( Unquoted -At Cost Or Market Value, whichever is lower) *</b>				
<b>Investments In Mutual Funds</b>				
Nil units of Rs. 10 each (P.Y. 28,758) of Tata Liquid Fund (Sold 28,758 units during the current year)		-		50,000,000
5,474,352 (P.Y. 8,562,774) units of Rs. 10 each of Sundaram BNP Paribas Money Fund - Institutional Plan (Sold 3,088,422 Units during the current year)		95,897,998		150,000,000
Nil (P.Y.41,898) units of Rs. 10 each of Templeton India Treasury Management Account Super Institutional Plan Growth (Sold 41,898 Units during the current year)		-		50,000,000
Nil (P.Y. 10,000,000) units of Rs. 10 each of DSP Black Rock - FMP 12M series 2 (Sold 10,000,000 Units during the current year)		-		100,000,000
Nil (P.Y. 10,000,000) units of Rs. 10 each HSBC Fixed Term Series 56 (HFTS 56) FMP (Sold 10,000,000 Units during the current year)		-		100,000,000
Nil (P.Y. 10,000,000) units of Rs. 10 each of Tata Fixed Horizon Fund Series 18-Scheme C (Sold 10,000,000 Units during the current year)		-		100,000,000
Nil (P.Y. 10,000,000) units of Rs. 10 each of Kotak FMP 12M Series 8 (Sold 10,000,000 Units during the current year)		-		100,000,000
Nil (P.Y. 10,000,000) units of Rs.10 each of Kotak FMP 12M Series 9 (Sold 10,000,000 Units during the current year)		-		100,000,000

# Schedules

## Annexed to and forming part of the Accounts

(Amount in Rs.)

	December 31, 2009	December 31, 2009	December 31, 2008	December 31, 2008
<b>SCHEDULE D: (Contd)</b>				
<b>Investments In Mutual Funds</b>				
Nil (P.Y. 10,000,000) units of Rs. 10 each of Fortis Fixed Term Plan-Series 14: Plan A (Sold 10,000,000 Units during the current year)		–		100,000,000
Nil (P.Y. 10,000,000) units of Rs. 10 each HDFC FMP 370D November 2008 (I) (Sold 10,000,000 Units during the current year)		–		100,000,000
62,578 units of Rs. 10 each of Tata Liquid Super High Inv. Fund - Appreciation		100,000,000		100,000,000
1,51,08,936 Units of Rs. 10 each of Principal Cash Management Fund-Liquid Option Institutional Premium Plan - Dividend Reinvestment (Purchased 1,51,08,936 Units during the current year)		151,099,933		–
1,48,269 Units of Rs. 10 each of UTI Liquid Cash Plan Institutional- Dividend reinvestment (Purchased 1,48,269 Units during the current year)		151,151,946		–
35,10,065 Units of Rs. 10 each of ICICI Prudential Institutional Liquid Plan - Dividend Reinvestment (Purchased 35,10,065 Units during the current year)		351,083,706		–
1,22,94,430 Units of Rs. 10 each HDFC Liquid Fund Premium Plan- Dividend Reinvestment (Purchased 1,22,94,430 Units during the current year)		150,727,255		–
<b>Total Investments in Mutual Funds {B}</b>		<b>999,960,838</b>		<b>1,050,000,000</b>
<b>Total Unquoted Investments {A} + {B}</b>		<b>1,814,901,674</b>		<b>1,864,940,836</b>
*Aggregate market value of Company's investment in Unquoted Mutual Funds		1,010,359,771		1,087,676,621
<b>SCHEDULE E:</b>				
<b>Sundry Debtors</b>				
Debts outstanding for a period exceeding six months				
- Unsecured, Considered good		55,589,486		80,860,390
- Unsecured, Considered doubtful		37,885,893		21,911,691
Other debts				
- Unsecured, Considered good		639,389,491		722,311,806
Less: Provision for Doubtful Debts (Refer Note 12 - Schedule P)		(37,885,893)		(21,911,691)
<b>TOTAL</b>		<b>694,978,977</b>		<b>803,172,196</b>
<b>SCHEDULE F:</b>				
<b>Cash and Bank Balances</b>				
Cash on Hand		–		137,941
Balances with Scheduled Banks				
On Current Accounts		723,582,976		191,188,194
On Deposit Accounts		618,043,858		814,483,398
On Unpaid Dividend Accounts		3,733,214		1,896,487
Deposit includes Fixed Deposits with Banks Rs. 9,050,586 (P.Y. Rs. 9,706,376) marked as lien for Guarantees issued by Banks on behalf of the Company. (Refer Note 3 - Schedule P)				
<b>TOTAL</b>		<b>1,345,360,048</b>		<b>1,007,706,020</b>



# Schedules

## Annexed to and forming part of the Accounts

(Amount in Rs.)

	December 31, 2009	December 31, 2008
<b>SCHEDULE G:</b>		
<b>Loans and Advances</b>		
Unsecured, Considered Good		
Loans to Staff	20,468,458	17,533,051
Advance Recoverable In Cash or Kind for Value to be Received	94,189,696	86,496,536
Advance Tax (Net of provision)	17,807,987	69,145,671
Sundry Deposits	453,366,132	327,549,520
Loan to Subsidiary (Refer Note 13 - Schedule P)	32,500,000	22,500,000
<b>TOTAL</b>	<b>618,332,273</b>	<b>523,224,778</b>
<b>SCHEDULE H:</b>		
<b>Other Current Assets</b>		
Interest Accrued on Fixed Deposits with Banks	5,913,597	11,358,476
Accrued Revenue	42,544,698	7,012,207
Building held for sale (Refer note on Schedule C)	61,265,807	–
<b>TOTAL</b>	<b>109,724,102</b>	<b>18,370,683</b>
<b>SCHEDULE I:</b>		
<b>Current Liabilities</b>		
Sundry Creditors (Refer Note 5 - Schedule P):		
Due to micro, small and medium enterprises	–	–
Others	670,143,132	426,787,596
Fees received in advance	555,774,325	472,352,143
Unclaimed Dividend (to be credited to Investor Education & Protection Fund, as and when due)	3,733,214	1,896,487
Other Liabilities	99,439,027	87,629,453
<b>TOTAL</b>	<b>1,329,089,698</b>	<b>988,665,679</b>
<b>SCHEDULE J:</b>		
<b>Provisions</b>		
Proposed Dividend	180,625,000	252,875,000
Corporate Dividend Tax thereon	30,697,219	42,976,107
Provision for Leave Encashment	132,623,698	103,843,747
Provision for Gratuity	7,042,940	18,740,176
<b>TOTAL</b>	<b>350,988,857</b>	<b>418,435,030</b>

# Schedules

## Annexed to and forming part of the Accounts

(Amount in Rs.)

	Year Ended December 31, 2009	Year Ended December 31, 2008
<b>SCHEDULE K:</b>		
<b>Income from Operations</b>		
Income from Rating Services	2,389,016,014	1,887,753,462
Income from Research Services	2,027,218,436	1,895,783,190
<b>TOTAL</b>	<b>4,416,234,450</b>	<b>3,783,536,652</b>
<b>SCHEDULE L:</b>		
<b>Other Income</b>		
Interest on Deposits [TDS -Rs. 18,545,398 (P.Y.Rs. 7,409,010)]	103,316,981	31,955,543
Interest on Loan to Subsidiary [TDS -Rs. 616,836 (P.Y.Rs. 1,302,033 )]	3,472,603	6,320,547
Dividend Income - Subsidiaries	–	58,987,500
Dividend Income - Other Investments	3,932,500	4,419,265
Foreign Exchange Gain (Net)	–	40,263,052
Profit from sale of current investments (Net)	96,467,976	89,233,303
Dividend income from current investments	4,062,840	–
Miscellaneous Income	17,048,949	24,187,029
<b>TOTAL</b>	<b>228,301,849</b>	<b>255,366,239</b>
<b>SCHEDULE M:</b>		
<b>Personnel Expenses</b>		
Salaries and Bonus	1,501,246,285	1,249,051,801
Contribution to: Provident Fund	44,062,860	32,589,969
Other Funds	17,292,394	21,476,020
Staff Training and Welfare Expenses	52,882,683	49,803,246
Less: Recoveries from Subsidiaries towards Overhead Allocated	(20,093,924)	(26,098,241)
<b>TOTAL</b>	<b>1,595,390,298</b>	<b>1,326,822,795</b>
<b>SCHEDULE N:</b>		
<b>Establishment Expenses</b>		
Repairs and Maintenance - Buildings	64,228,740	66,194,374
Repairs and Maintenance - Others	59,848,424	50,130,157
Electricity	50,289,703	44,254,275
Communication Expenses	61,925,664	56,557,596
Insurance	1,480,132	1,042,970
Rent	238,796,824	208,777,994
Rates and Taxes	2,520,445	2,464,841
Less: Recoveries from Subsidiaries towards Overhead Allocated	(4,938,642)	(6,586,084)
<b>TOTAL</b>	<b>474,151,290</b>	<b>422,836,123</b>



## Schedules

### Annexed to and forming part of the Accounts

(Amount in Rs.)

	Year Ended December 31, 2009	Year Ended December 31, 2008
<b>SCHEDULE O:</b>		
<b>Other Expenses</b>		
Printing and Stationery	24,763,358	22,145,641
Conveyance and Travelling	99,194,494	128,913,463
Books and Periodicals	18,374,714	18,058,635
Vehicle Expenses	1,042,450	1,166,378
Remuneration to Non-whole time Directors (Refer Note 7 - Schedule P)	9,776,800	11,180,000
Business Promotion and Advertisement	14,074,817	8,686,086
Foreign Exchange Loss (net)	16,580,033	–
Professional Fees	179,778,515	118,965,691
Software Purchase & Maintenance Expenses	28,050,949	15,123,399
Provision for Bad Debts	46,223,090	21,374,633
Loss on sale of fixed assets	6,260,835	2,184,622
Auditors' Remuneration (Refer Note 10 - Schedule P)	2,591,708	2,781,870
Recruitment Expenses	9,349,473	10,521,545
Sales Commission	76,780,929	50,877,741
Seminars and Conferences	1,440,113	3,415,990
Miscellaneous Expenses	8,070,821	2,102,854
Diminution in value of Investments	–	13,642,499
Less: Recoveries from Subsidiaries towards Overhead Allocated	(9,566,608)	(11,568,455)
<b>TOTAL</b>	<b>532,786,491</b>	<b>419,572,592</b>

### SCHEDULE P:

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

##### 1. Nature of Operations

CRISIL Limited ('the Company') offers domestic and international customers a unique combination of local insights and global perspectives, delivering independent information, opinions and solutions that help them make better informed business and investment decisions, improve the efficiency of markets and market participants. Its integrated range of capabilities include credit ratings and risk assessment; research on India's economy, industries and companies; investment research outsourcing and fund services.

##### 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.

# Schedules

## Annexed to and forming part of the Accounts

### 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.

### 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 amortised over the lease term or useful life of the asset, whichever is less. 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 recognised 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 their present value at the weighted average cost of capital.

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

### 2.6 Operating Leases

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

### 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.



# Schedules

## Annexed to and forming part of the Accounts

### 2.8 Revenue Recognition

Revenue is recognised 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 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 statement. The carrying amount of investment 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 prior to 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.

# Schedules

## Annexed to and forming part of the Accounts

### 2.11 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 in accordance with the Indian Income Tax Act of 1961 enacted in India. Deferred income taxes reflect 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.

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 organised 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 include 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.



## Schedules

### Annexed to and forming part of the Accounts

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.

### 3. Details of Contingent liabilities are as under:

(Amount in Rs.)

	Year Ended December 31, 2009	Year Ended December 31, 2008
Bank Guarantee in the normal course of business	9,050,586	9,695,180
Disputed Income Tax Demand		
Pending before Appellate authorities in respect of which the Company is in appeal	23,359,888	13,125,578
Decided in Company's favour by Appellate Authorities and Department is in further appeal	18,212,021	4,706,559
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for.	89,025,159	87,252,360
<b>TOTAL</b>	<b>139,647,654</b>	<b>114,779,677</b>

### 4. Income Tax

The tax year of the Company being the year ending March 31, 2010, The provision for tax for the year is the aggregate of the provision made for the three months ended March 31, 2009 and the provision for the nine months upto December 31, 2009. The tax provision for nine months has been arrived at using the effective tax rate for the period April 1, 2009 to March 31, 2010, the ultimate tax liability of which will be determined for the period April 1, 2009 to March 31, 2010.

5. The Company has initiated the process of identification of 'suppliers' registered under the "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006" by obtaining confirmations from suppliers. Based on the intimation received by the Company, none of the suppliers have confirmed to be registered under MSMED Act, 2006. Accordingly, no disclosures relating to amounts unpaid as at the year end together with interest paid/payable are required to be furnished.

## Schedules

### Annexed to and forming part of the Accounts

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

(Amount in Rs.)

	Year Ended December 31, 2009	Year Ended December 31, 2008
<b>Deferred Tax Liability</b>		
Depreciation/Amortisation	(29,313,871)	(29,600,641)
Disallowance under section 40(a)	(728,727)	–
<b>TOTAL (A)</b>	<b>(30,042,598)</b>	<b>(29,600,641)</b>
<b>Deferred Tax Asset</b>		
Provision for Leave Encashment	44,590,724	41,314,706
Provision for Gratuity	2,007,830	434,033
Lease Rent Amortisation	18,606,511	14,456,507
Provision for Bonus and Commission	29,096,571	22,815,377
Provision for Bad debts	14,892,808	8,198,976
Deferment of Rating fees	8,756,658	9,186,846
Disallowance under section 40(a)	–	184,397
<b>TOTAL (B)</b>	<b>117,951,102</b>	<b>96,590,842</b>
<b>NET DEFERRED TAX ASSET / (LIABILITIES) (A-B)</b>	<b>87,908,504</b>	<b>66,990,201</b>

#### 7. Managerial Remuneration:

	Year Ended December 31, 2009	Year Ended December 31, 2008
<b>Managing Director</b>		
Salary	11,310,956	9,605,360
Commission	6,800,000	9,589,631
Contribution to Provident Fund	428,400	333,000
Perquisites	461,586	396,812
<b>TOTAL</b>	<b>19,000,942</b>	<b>19,924,803</b>
<b>Non - Whole time Directors</b>		
Fees paid	1,000,000	1,160,000
Commission	8,776,800	10,020,000
<b>TOTAL</b>	<b>9,776,800</b>	<b>11,180,000</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 ascertainable and, therefore, not included above.



## Schedules

### Annexed to and forming part of the Accounts

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

(Amount in Rs.)

	Year Ended December 31, 2009	Year Ended December 31, 2008
<b>Profit before tax as per Profit and Loss Account</b>	1,903,415,519	1,751,233,767
Remuneration to Whole-time Directors	19,000,942	19,924,803
Remuneration to Non Whole-time Directors	9,776,800	11,180,000
Provision for Doubtful Debts	46,223,090	16,250,245
(Profit)/Loss on Sale of Fixed Assets	6,260,835	2,184,622
Loss on sale of long term investment	–	915,738
Provision for Diminution in value of Investment	–	13,642,499
Net Profit under Section 198	1,984,677,186	1,815,331,674
Managerial Remuneration Payable to whole-time director upto 5% of the Net Profit (as computed above) Rs. 99,233,859 (P.Y. Rs. 90,766,584), restricted to:	19,000,942	19,924,803
Commission Payable to non whole-time directors upto 3% of the Net Profit (as computed above) Rs. 59,540,316 (P.Y. Rs. 54,459,950), restricted to:	8,776,800	10,020,000

The Company depreciates fixed assets based on estimated useful life that are lower 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 increase in commission payable to non whole-time directors.

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

(Amount in Rs.)

	Year Ended December 31, 2009	Year Ended December 31, 2008
Rendering of Rating, Advisory and Research Services	2,341,548,985	2,067,993,896
Dividend from Subsidiaries/Associates	747,500	58,987,500
<b>TOTAL</b>	<b>2,342,296,485</b>	<b>2,126,981,396</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 Rs. 111,597,474 (P.Y. Rs. 44,029,495)

##### b) Expenditure in foreign currency

(Amount in Rs.)

	Year Ended December 31, 2009	Year Ended December 31, 2008
Foreign travel	26,983,567	50,677,148
Sales Commission	77,204,417	41,478,863
Other Expenses	13,665,835	8,371,218
<b>TOTAL</b>	<b>117,853,819</b>	<b>100,527,229</b>

## Schedules

### Annexed to and forming part of the Accounts

10. Auditors' Remuneration includes:

(Amount in Rs.)

	Year Ended December 31, 2009	Year Ended December 31, 2008
As auditor	2,425,000	2,500,000
In any other matter:		
Certification work	125,000	200,000
Out of Pocket Expenses	41,708	81,870
<b>TOTAL</b>	<b>2,591,708</b>	<b>2,781,870</b>

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

	Year Ended December 31, 2009	Year Ended December 31, 2008
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.)	409,304,280	223,256,880

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

	As on December 31, 2009	As on December 31, 2008
Irevna LLC, U.S.	189,475,071	249,277,748
Irevna Limited, U.K.	88,381,661	209,547,947
Standard & Poor's LLC	88,370,218	65,438,298
Standard & Poor's South Asia Services Pvt. Ltd.	9,791,805	–
McGraw-Hill Education Companies Inc.	9,851	11,963,663
<b>TOTAL</b>	<b>376,028,606</b>	<b>536,227,656</b>

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

	As on December 31, 2009	As on December 31, 2008
CRISIL Risk and Infrastructure Solutions Limited	32,500,000	22,500,000
Maximum Amount Outstanding During the year	50,219,166	77,719,181



## Schedules

### Annexed to and forming part of the Accounts

#### 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 include 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 provide high end equity research, industry reports, customised research assignments, subscription to data services and IPO gradings.

Segment Reporting for the Year ended December 31, 2009:

(Amount in Rs.)

	Business segments		Total
	Ratings	Research	
<b>Operating Revenue</b>	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 current investments			96,467,976
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			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

# Schedules

## Annexed to and forming part of the Accounts

Revenue by Geographic Segments:

(Amount in Rs.)

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>

Segment Reporting for the Year ended December 31, 2008:

	Business segments		Total
	Ratings	Research	
<b>Operating Revenue</b>	1,887,753,462	1,895,783,190	3,783,536,652
Segment Results	908,105,261	785,596,106	1,693,701,367
Add/(Less) Unallocables:			
1. Unallocable Income			
Interest Income			38,276,090
Profit on sale of current investments			89,233,303
Others			83,108,414
2. Unallocable Expenditure			(34,647,793)
3. Depreciation			(118,437,614)
Profit Before Tax			1,751,233,767
Tax Expense			(377,451,845)
Profit After Tax			1,373,781,922
Non-cash expenses other than depreciation and amortisation	16,224,241	17,108,719	33,332,960
Segment Assets*:			
Investments	–	712,255,497	712,255,497
Segment Debtors	254,331,472	570,752,415	825,083,887
Segment Liabilities*:			
Fees Received in advance	370,501,696	101,850,447	472,352,143



## Schedules

### Annexed to and forming part of the Accounts

Revenue by Geographic Segments:

(Amount in Rs.)

Country	
India	1,738,722,887
United Kingdom	1,067,674,842
United States Of America	916,498,979
Others	60,639,944
<b>TOTAL</b>	<b>3,783,536,652</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.

#### 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
Gas Strategies Group Limited	Subsidiary (till December 10, 2008)
Alphatania Limited	Subsidiary of Gas Strategies Group Limited (till December 10, 2008)
Gas Matters Limited	Subsidiary of Gas Strategies Group Limited (till December 10, 2008)
Gas Strategies Consulting Limited	Subsidiary of Gas Strategies Group Limited (till December 10, 2008)
Overview Outreach Limited	Subsidiary of Gas Strategies Group Limited (till December 10, 2008)
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
<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

## Schedules

### Annexed to and forming part of the Accounts

#### 16. Related Party Disclosure

(Amount in Rs.)

Name of the related party	Nature of transaction	Year Ended December 31, 2009	Year Ended December 31, 2008
Standard & Poor's LLC	Professional Services Rendered	714,369,995	534,665,498
	Reimbursement of expenses	12,255	7,273,764
	Amount Receivable	88,370,218	65,438,298
S&P India, LLC	Dividend	312,094,800	218,466,360
	Share Capital Outstanding	31,209,480	31,209,480
Standard & Poor's South Asia Services Private Limited	Professional Services Rendered	7,141,028	617,215
	Reimbursement of expenses	18,220,525	3,731,383
	Amount Receivable	9,791,805	4,348,598
Standard & Poor's International LLC, USA	Dividend	60,000,000	42,000,000
	Share Capital Outstanding	6,000,000	6,000,000
The McGraw-Hill Companies, Inc	Expenses Recovered	61,018	20,382
	Amount Receivable	9,851	–
McGraw-Hill Education India Private Limited	Professional Services Rendered	–	14,920,206
	Reimbursement of expenses	–	25,066,049
	Amount Receivable	–	11,963,663
CRISIL Risk and Infrastructure Solutions Limited	Revenue share paid	–	2,019,750
	Revenue share received	4,382,333	175,000
	Loan given during the year	42,500,000	32,500,000
	Loan repaid during the year	32,500,000	82,200,000
	Loan Outstanding	32,500,000	22,500,000
	Interest Income	3,472,603	6,320,547
	Expenses Recovered	18,597,585	30,733,088
	Share of overhead expenses received	34,599,178	38,706,271
	Amount Receivable/(Payable)	6,997,204	13,907,163
Investment Outstanding	49,999,900	49,999,900	
Irevna Limited, UK	Professional Services Rendered	705,583,924	799,398,274
	Sales Commission Expense	56,747,690	37,491,481
	Reimbursement of Expenses	1,310,755	4,433,974
	Amount Receivable (net)	83,641,360	205,117,259
	Investment Outstanding	695,383,859	695,383,859

Contd...



## Schedules

### Annexed to and forming part of the Accounts

(Amount in Rs.)

Name of the related party	Nature of transaction	Year Ended December 31, 2009	Year Ended December 31, 2008
Irevna LLC, USA	Professional Services Rendered	400,326,156	362,991,958
	Sales Commission Expense	20,033,239	13,386,260
	Reimbursement of Expenses	588,427	–
	Amount Receivable (net)	187,756,642	247,957,473
Gas Strategies Group Limited (till December, 10, 2008)	Reimbursement of expenses paid/payable	–	3,864,866
	Corporate Recharge	–	5,546,510
	Dividend Received	–	58,987,500
	Investment Outstanding	16,185,438	16,185,438
CRISIL Credit Information Services Limited	Investment Outstanding	500,000	500,000
CRISIL Irevna Argentina, S.A.	Equity Shares Subscribed	–	10,501,668
	Investment Outstanding	10,501,668	10,501,668
CRISIL Irevna Poland Sp.zo.o	Reimbursement of expenses received	5,200,946	–
India Index Services and Products Limited	Dividend Received	3,185,000	1,911,000
	Investment Outstanding	6,369,970	6,369,970
*Roopa Kudva	Remuneration paid	19,000,942	19,924,803

\*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 ascertainable and, therefore, not included above.

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) issued by the Institute of Chartered Accountants of India, the details of interest in the Joint Venture are as under:

(Amount in Rs.)

	Unaudited	
	As at December 31, 2009	As at December 31, 2008
Assets	122,961,959	89,447,554
Reserves and Surplus	106,994,133	71,256,570
Liabilities	9,597,826	11,820,983
Income	66,213,270	72,103,730
Expenses	10,057,344	10,143,589
Tax Expense	17,611,858	20,159,149
Contingent Liability	3,238,192	751,530

## Schedules

### Annexed to and forming part of the Accounts

#### 18. Operating Lease

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

	(Amount in Rs.)	
	Year Ended December 31, 2009	Year Ended December 31, 2008
Lease Payment recognised in Profit and Loss Account	238,796,824	208,777,994
Future Minimum Lease Payments:		
Not later than one year	421,533,034	183,384,506
Later than One Year and not later than five Years	2,412,726,949	681,879,458
Later than five Years	1,202,509,669	203,578,140
<b>TOTAL</b>	<b>4,036,769,652</b>	<b>1,068,842,104</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)

	(Amount in Rs.)	
	Year Ended December 31, 2009	Year Ended December 31, 2008
Current Service cost	12,961,540	8,472,162
Interest cost on defined benefit obligation	2,806,950	2,843,718
Expected return on plan assets	(2,574,720)	(1,255,655)
Net actuarial (gain)/ loss recognised in the year	3,277,670	8,626,613
Losses/(Gains) on "Acquisition/Divestiture"	-	2,128,317
<b>NET GRATUITY BENEFIT EXPENSE</b>	<b>16,471,440</b>	<b>20,815,155</b>

Balance Sheet:

Details of Provision for Gratuity Benefit

	As at December 31, 2009	As at December 31, 2008
Present value of funded obligations	53,926,870	41,632,929
Less: Fair value of plan assets	(46,883,930)	(22,892,753)
<b>NET LIABILITY</b>	<b>7,042,940</b>	<b>18,740,176</b>



## Schedules

### Annexed to and forming part of the Accounts

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

(Amount in Rs.)

	As at December 31, 2009	As at December 31, 2008
Opening Defined Benefit Obligation	41,632,929	25,583,884
Current Service Cost	12,961,540	8,472,162
Interest Cost	2,806,950	2,843,718
Actuarial (gain)/loss	1,820,550	11,878,760
Benefits paid	(5,295,100)	(7,145,595)
<b>CLOSING DEFINED BENEFIT OBLIGATION</b>	<b>53,926,869</b>	<b>41,632,929</b>

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

	As at December 31, 2009	As at December 31, 2008
Opening Fair value of plan assets	22,892,753	9,342,603
Expected return on plan assets	2,574,720	1,255,655
Actuarial gain/ (loss)	(1,457,120)	3,252,147
Contribution by employer	28,168,680	18,316,260
Asset acquired on acquisition	–	(2,128,317)
Benefits paid	(5,295,100)	(7,145,595)
<b>CLOSING FAIR VALUE OF PLAN ASSETS</b>	<b>46,883,933</b>	<b>22,892,753</b>

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

	As at December 31, 2009	As at December 31, 2008
Experience adjustment on plan assets	(1,457,120)	3,533,558
Experience adjustment on plan liabilities	(2,662,050)	(142,570)

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

	Year Ended December 31, 2009	Year Ended December 31, 2008
Investment with Insurer	100%	100%
Actual return on plan assets (Based on interest rate declared by the insurer as at 31st March 2009/2008)	9.30%	9.25%

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.

## Schedules

### Annexed to and forming part of the Accounts

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

	Year Ended December 31, 2009	Year Ended December 31, 2008
Discount Rate	8.20%	7.20%
Estimated rate of return on plan assets	7.50%	7.50%
Expected Employee Turnover		
Age: 21-44 Years	6.5%	2.0%
Age: 44-57 Years	6.0%	1.0%
Expected Employer's Contribution next year (Rupees)	30,000,000	20,000,000

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.

#### 20. Details of unhedged foreign exposure

(Amount in Rs.)

	As at December 31, 2009	As at December 31, 2008
Current Asset	379,493,153	627,645,428
Current Liability	6,458,730	–

21. CRISIL Limited sold 90% of its stake in Gas Strategies Group Limited on December 10, 2008.

#### 22. 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.  
Chartered Accountants

per Shrawan Jalan  
Partner  
Membership No.: 102102

Place : Mumbai  
Date : February 18, 2010

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

Ravinder Singhania  
Director

Roopa Kudva  
Managing Director & Chief Executive Officer

Shrikant Dev  
Company Secretary

Thomas Schiller  
Director

David Pearce  
Director

H.N. Sinor  
Director

B V Bhargava  
Director

Rama Bijapurkar  
Director

Nachiket Mor  
Director

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

(Amount in Rs.)

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.Z.o.o.	Irevna Limited, UK	Irevna LLC, US
2. The financial period of the subsidiary Company ended on	December 31, 2009	December 31, 2009	December 31, 2009	December 31, 2009	December 31, 2009	December 31, 2009
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	8,000,000 Equity Shares of Pence 0.1 each, fully paid up	1 Equity Share of US\$ 200 each, fully paid up
b) Extent of interest of CRISIL in the capital of the subsidiary	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, 2009 of the subsidiary (Rupees)	78,795,946	(13,962)	4,496,776	1,798,672	712,566	(7,966,442)
b) Profits/ (Losses) for the previous financial year of the subsidiary, since it became the subsidiary of CRISIL Limited (Rupees)	89,677,961	(11,848)	5,718,482	(476,427)	(15,294,101)	(22,060,524)
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, 2009 (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

Ravinder Singhania  
DirectorRama Bijapurkar  
DirectorDavid Pearce  
DirectorThomas Schiller  
DirectorNachiket Mor  
DirectorH. N. Sinor  
DirectorRoopa Kudva  
Managing Director &  
Chief Executive OfficerB V Bhargava  
DirectorShrikant Dev  
Company Secretary

Place: Mumbai

Date: February 18, 2010

## 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. Registration Details		
Registration No.		42363
State Code		11
Balance Sheet Date		December 31, 2009
II. Capital Raised during the Year (Amount in Rs. Thousands)		
Public Issue		-
Rights Issue		-
Bonus Issue		-
Private Placement		-
Preferential offer of shares under Employee Stock Option Scheme		-
III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)		
Total Liabilities		4,122,263
Total Assets		4,122,263
Source of Funds		
Paid up Capital		72,250
Reserves & Surplus		4,050,013
Secured Loans		-
Unsecured Loans		-
Application of Funds		
Net Fixed Assets		494,454
Capital Work-In-Progress (including Capital Advances)		636,683
Investments		1,814,902
Deferred Tax Asset		87,909
Net Current Assets		1,088,317
Miscellaneous Expenditure		-
Accumulated Losses		-
IV. Performance of Company (Amount in Rs.Thousands)		
Turnover		4,644,536
Total Expenditure		2,741,121
Profit/(Loss) Before Tax		1,903,416
Profit/(Loss) After Tax		1,503,372
Earnings Per Share (Rs.)		208.08
Dividend Rate%		1,000
V. Generic Names of Three principal Products/Services of Company (as per monetary terms)		
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

Ravinder Singhania  
Director

Rama Bijapurkar  
Director

David Pearce  
Director

Thomas Schiller  
Director

Nachiket Mor  
Director

H. N. Sinor  
Director

Roopa Kudva  
Managing Director &  
Chief Executive Officer

B V Bhargava  
Director

Shrikant Dev  
Company Secretary

Place: Mumbai  
Date: February 18, 2010

# Consolidated Financial Statements

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# Auditors' Report on Consolidated Statements

The Board of Directors of

CRISIL Limited

1. We have audited the attached Consolidated Balance Sheet of CRISIL Group ('Group'), as at December 31, 2009, 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 Group'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 five subsidiaries, whose financial statements reflect total assets of Rs. 1,052,168,512 as at December 31, 2009, total revenue of Rs. 1,571,774,575 and net cash outflow amounting to Rs. 113,923,421 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 12 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. 113,426,336 as at December 31, 2009, total revenue of Rs. 66,213,270 and total cash inflow of Rs. 3,163,232 for the year then ended. Consequently the unaudited financial statements of one joint venture company for the year ended December 31, 2009 as certified by Group'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 the Group'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, 2009 of a subsidiary company and 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 12 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, 2009;
  - 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.  
Chartered Accountants

per Shrawan Jalan  
Partner

Place: Mumbai  
Date: February 18, 2010

Membership No.: 102102

# Consolidated Balance Sheet

As at December 31, 2009

(Amount in Rs.)

	Schedule	December 31, 2009	December 31, 2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share Capital	A	72,250,000	72,250,000
Reserves and Surplus	B	4,265,863,099	3,502,877,969
<b>TOTAL</b>		<b>4,338,113,099</b>	<b>3,575,127,969</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	C	1,919,800,324	1,896,991,685
Less: Accumulated Depreciation/Amortisation		718,823,651	635,967,734
Net Block		1,200,976,673	1,261,023,951
Capital Work-In-Progress (including Capital Advances)		636,682,868	40,372,073
		1,837,659,541	1,301,396,024
<b>Investments</b>	D	1,175,246,327	1,184,370,027
<b>Deferred tax assets (net) (refer note 5 - schedule P)</b>		100,747,726	78,341,745
<b>Current Assets, Loans And Advances</b>			
Sundry Debtors	E	922,088,397	771,474,475
Cash and Bank Balances	F	1,575,661,514	1,292,118,774
Loans and Advances	G	618,127,947	538,584,719
Other Current Assets	H	110,875,931	17,165,574
		3,226,753,789	2,619,343,542
<b>Less: Current Liabilities And Provisions</b>			
Current Liabilities	I	1,615,201,639	1,156,069,591
Provisions	J	387,092,645	452,253,778
		2,002,294,284	1,608,323,369
<b>Net Current Assets</b>		1,224,459,505	1,011,020,173
<b>TOTAL</b>		<b>4,338,113,099</b>	<b>3,575,127,969</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.  
Chartered Accountants

per Shrawan Jalan  
Partner  
Membership No.: 102102

Place : Mumbai  
Date : February 18, 2010

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

Ravinder Singhanian  
Director

Roopa Kudva  
Managing Director & Chief Executive Officer

Shrikant Dev  
Company Secretary

Thomas Schiller  
Director

David Pearce  
Director

H.N. Sinor  
Director

B V Bhargava  
Director

Rama Bijapurkar  
Director

Nachiket Mor  
Director

# Consolidated Profit & Loss Account

For the year ended December 31, 2009

(Amount in Rs.)

	Schedule	Year Ended December 31, 2009	Year Ended December 31, 2008
<b>INCOME</b>			
Income from Operations (Refer Note 11 - Schedule P)	K	5,372,723,640	5,145,604,237
Other Income	L	230,046,844	216,242,520
<b>TOTAL</b>		<b>5,602,770,484</b>	<b>5,361,846,757</b>
<b>EXPENDITURE</b>			
Staff Expenses	M	2,078,587,258	1,911,619,168
Establishment Expenses	N	549,060,912	518,265,626
Other Expenses	O	752,007,960	925,085,101
Depreciation		148,515,395	136,423,009
<b>TOTAL</b>		<b>3,528,171,525</b>	<b>3,491,392,904</b>
<b>Profit Before Tax</b>		<b>2,074,598,959</b>	<b>1,870,453,853</b>
<b>Tax Expense</b>			
Income Tax		484,466,659	495,225,078
Fringe Benefit Tax		3,856,288	15,147,815
Wealth Tax		772,850	447,210
Deferred Tax		(22,273,438)	(46,110,722)
		466,822,359	464,709,381
<b>Profit After Taxation (Refer Note 11 - Schedule P)</b>		<b>1,607,776,600</b>	<b>1,405,744,472</b>
Balance brought forward from previous year		1,885,109,355	1,208,770,066
<b>Amount Available for Appropriation</b>		<b>3,492,885,955</b>	<b>2,614,514,538</b>
<b>Dividend</b>			
Interim		541,875,000	252,875,000
Proposed Final Dividend		180,625,000	252,875,000
<b>TOTAL</b>		<b>722,500,000</b>	<b>505,750,000</b>
Dividend Tax on Interim and Proposed final dividend		123,330,166	86,276,991
Transfer to General Reserve		150,337,186	137,378,192
Balance carried to Balance Sheet		2,496,718,603	1,885,109,355
		3,492,885,955	2,614,514,538
Basic and Diluted Earnings Per Share - Nominal value of Rs. 10 (Refer Note 11 - Schedule P)		222.53	194.57
Number of Shares used in Computing Earnings Per Share		7,225,000	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 & Loss Account.

As per our report of even date.

For S.R. BATLIBOI & CO.  
Chartered Accountants

per Shrawan Jalan  
Partner  
Membership No.: 102102

Place : Mumbai  
Date : February 18, 2010

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

Ravinder Singhania  
Director

Roopa Kudva  
Managing Director & Chief Executive Officer

Shrikant Dev  
Company Secretary

Thomas Schiller  
Director

David Pearce  
Director

H.N. Sinor  
Director

B V Bhargava  
Director

Rama Bijapurkar  
Director

Nachiket Mor  
Director

# Consolidated Cash Flow Statement

For the year ended December 31, 2009

(Amount in Rs.)

	Year Ended December 31, 2009	Year Ended December 31, 2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	2,074,598,959	1,870,453,853
Adjustments for:		
Depreciation	148,515,395	136,423,009
Provision for leave encashment	29,983,152	(23,301,145)
Provision for gratuity	(12,758,357)	2,254,241
Foreign Currency Translation Reserve	1,448,303	(18,777,678)
Unrealised foreign exchange loss	6,220,663	24,413,402
Loss on sale of fixed assets	6,411,942	7,592,281
(Profit) on sale of investments	(96,467,976)	(90,149,041)
Provision for bad debts	70,559,890	57,127,587
Interest on deposits	(106,525,306)	(36,816,478)
Dividend Income from long term investments	(747,500)	(2,508,265)
Dividend income from current investments	(4,062,840)	–
Diminution in value of investments	–	13,642,499
Loss on sale of investment in subsidiary	–	60,403,834
<b>Operating profit before working capital changes</b>	2,117,176,325	2,000,758,099
<b>Movements in working capital</b>		
- (Increase)/decrease in sundry debtors	(227,394,475)	(52,068,977)
- (Increase)/decrease in sundry deposits	(125,616,543)	(18,281,382)
- (Increase)/decrease in loans	(3,285,268)	5,401,988
- (Increase)/decrease in advances	(3,586,301)	(11,685,540)
- (Increase)/decrease in accrued income	(38,102,615)	(2,037,712)
- Increase/(decrease) in sundry creditors	299,726,187	95,665,882
- Increase/(decrease) in fee received in advance	101,887,109	201,559,973
- Increase/(decrease) in other liabilities	55,682,025	6,543,054
Cash generated from operations	2,176,486,444	2,225,855,385
- Taxes paid	(434,550,103)	(579,275,316)
<b>Net cash generated from operating activities - (A)</b>	1,741,936,341	1,646,580,069

Contd...

# Consolidated Cash Flow Statement

For the year ended December 31, 2009

(Amount in Rs.)

	Year Ended December 31, 2009	Year Ended December 31, 2008
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(759,533,751)	(219,389,399)
Proceeds from sale of fixed assets	7,077,090	4,378,127
Investments in mutual funds(net)	(804,062,841)	(1,150,000,000)
Sale proceeds from investments in mutual funds	909,654,517	1,043,058,473
Investment in fixed deposits (net)	186,707,822	(821,569,787)
Interest on deposits	112,183,371	25,601,234
Dividend Income from long term investments	747,500	2,508,265
Dividend income from current investments	4,062,840	–
Consideration received towards sale of a subsidiary (net)	–	100,324,000
<b>Net cash generated from/(used in) investing activities - (B)</b>	<b>(343,163,452)</b>	<b>(1,015,089,087)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend and dividend tax paid	(928,522,327)	(505,601,616)
<b>Net cash generated from/(used in) financing activities - (C)</b>	<b>(928,522,327)</b>	<b>(505,601,616)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>470,250,562</b>	<b>125,889,366</b>
Less : Adjustment towards sale of subsidiary	–	(78,297,546)
<b>Net increase/(decrease) in cash and cash equivalents after divesture adjustment</b>	<b>470,250,562</b>	<b>47,591,820</b>
Cash and cash equivalents - Opening balance	439,342,452	391,750,632
Cash and cash equivalents - Closing balance	909,593,014	439,342,452
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>470,250,562</b>	<b>47,591,820</b>
Components of cash and cash equivalents as at*		
Cash on hand	91,584	305,407
With banks on current account	909,501,430	439,037,045
	909,593,014	439,342,452
*Cash and cash equivalent includes earmarked unpaid dividend amount (Refer Schedule F)		
Significant Accounting Policies and Notes to the Accounts	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.  
Chartered Accountants

per Shrawan Jalan  
Partner  
Membership No.: 102102

Place : Mumbai  
Date : February 18, 2010

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

Ravinder Singhania  
Director

Roopa Kudva  
Managing Director & Chief Executive Officer

Shrikant Dev  
Company Secretary

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David Pearce  
Director

H.N. Sinor  
Director

B V Bhargava  
Director

Rama Bijapurkar  
Director

Nachiket Mor  
Director



## Schedules

### Annexed to and forming part of the Consolidated Accounts

(Amount in Rs.)

	December 31, 2009	December 31, 2008
<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:	72,250,000	72,250,000
7,225,000 (P.Y. 7,225,000) Equity Shares of Rs. 10 each fully paid up [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)]		
<b>TOTAL</b>	<b>72,250,000</b>	<b>72,250,000</b>
<b>SCHEDULE B:</b>		
<b>Reserves and Surplus</b>		
Securities Premium Account	474,890,071	474,890,071
Capital Reserve	122,232,111	122,232,111
Profit and Loss Account	2,496,718,603	1,885,109,355
General Reserve as per last Balance Sheet	1,028,444,513	891,066,321
Add: Transfer from Profit and Loss Account	150,337,186	137,378,192
	1,178,781,699	1,028,444,513
Foreign Currency Translation Reserve as per last Balance Sheet	(7,798,081)	(4,769,175)
(Add)/Less: Movement during the year	1,038,696	(3,028,906)
	(6,759,385)	(7,798,081)
<b>TOTAL</b>	<b>4,265,863,099</b>	<b>3,502,877,969</b>

# Schedules

## Annexed to and forming part of the Consolidated Accounts

(Amount in Rs.)

	Gross Block at Cost			Accumulated Depreciation/Amortisation			Net Block			
	As on Jan 1, 2009	Additions	Deductions	As on Dec 31, 2009	Upto Jan 1, 2009	For the Year	On Assets sold	Upto Dec 31, 2009	As on Dec 31, 2009	As on Dec 31, 2008
<b>Intangibles</b>										
Goodwill	8,959,000	-	-	8,959,000	8,959,000	-	-	8,959,000	-	-
Goodwill On Consolidation	691,968,593	-	-	691,968,593	-	-	-	-	691,968,593	691,968,593
Trademarks	65,430,000	-	-	65,430,000	65,430,000	-	-	65,430,000	-	-
Copyrights	1,729,500	-	-	1,729,500	1,729,500	-	-	1,729,500	-	-
<b>Fixed Assets</b>										
Land & Buildings	278,609,665	-	92,932,833	185,676,832	107,141,796	13,930,484	31,667,026	89,405,254	96,271,578	171,467,869
Furniture & Fixtures	132,658,688	21,631,301	14,106,214	140,183,775	61,041,601	14,878,981	5,484,526	70,436,056	69,747,719	71,617,087
Office Equipments	149,877,199	28,400,622	4,986,687	173,291,134	57,953,320	15,318,947	1,957,440	71,314,827	101,976,307	91,923,879
Computers	379,683,017	70,480,786	8,375,892	441,787,911	281,770,385	71,244,446	8,262,934	344,751,897	97,036,014	97,912,632
Vehicles	57,896,068	6,054,032	13,126,802	50,823,298	36,338,483	12,379,209	11,973,915	36,743,777	14,079,521	21,557,585
Leasehold Improvements	130,179,955	36,656,215	6,885,889	159,950,281	15,603,649	20,763,328	6,313,637	30,053,340	129,896,941	114,576,306
<b>TOTAL</b>	<b>1,896,991,685</b>	<b>163,222,956</b>	<b>140,414,317</b>	<b>1,919,800,324</b>	<b>635,967,734</b>	<b>148,515,395</b>	<b>65,659,478</b>	<b>718,823,651</b>	<b>1,200,976,673</b>	<b>1,261,023,951</b>
<b>Previous Year</b>	<b>1,859,509,671</b>	<b>259,538,127</b>	<b>222,056,113</b>	<b>1,896,991,685</b>	<b>567,772,791</b>	<b>136,423,009</b>	<b>68,228,066</b>	<b>635,967,734</b>	<b>1,261,023,951</b>	

Note: Adjustments in building is with respect to certain properties held by the Company being classified as held for sale. Refer Schedule H



# Schedules

## Annexed to and forming part of the Consolidated Accounts

(Amount in Rs.)

	December 31, 2009	December 31, 2008
<b>SCHEDULE D:</b>		
<b>Investments</b>		
<b>A. Long Term (Unquoted - At Cost)</b>		
3,600,000 (PY. 3,600,000) Equity Shares of National Commodity and Derivative Exchange Limited of Rs. 10 each, fully paid up	36,000,000	36,000,000
300,000 (PY. 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
40,000 (PY. 40,000) Equity Shares of Gas Strategies Group Limited of £1 per share, fully paid up	25,647,990	25,647,990
<b>Total Long Term (At Cost) - (A)</b>	<b>61,647,991</b>	<b>61,647,991</b>
<b>B. Current Investments ( Unquoted-At Cost Or Market Value, whichever is lower)*</b>		
<b>Investments In Mutual Funds</b>		
Nil units of Rs. 10 each (PY. 28,758) of Tata Liquid Fund (Sold 28,758 Units during the current year)	-	50,000,000
5,474,352 (PY. 8,562,774) units of Rs. 10 each of Sundaram BNP Paribas Money Fund - Institutional Plan (Sold 3,088,422 Units during the current year)	95,897,998	150,000,000
Nil (PY. 41,898) units of Rs. 10 each of Templeton India Treasury Management Account Super Institutional Plan Growth (Sold 41,898 Units during the current year)	-	50,000,000
Nil (PY. 10,000,000) units of Rs. 10 each of DSP Black Rock - FMP 12M series 2 (Sold 10,000,000 Units during the current year)	-	100,000,000
Nil (PY. 10,000,000) units of Rs. 10 each HSBC Fixed Term Series 56 (HFTS 56) FMP (Sold 10,000,000 Units during the current year)	-	100,000,000
Nil (PY. 10,000,000) units of Rs. 10 each of Tata Fixed Horizon Fund Series 18-Scheme C (Sold 10,000,000 Units during the current year)	-	100,000,000
Nil (PY. 10,000,000) units of Rs. 10 each of Kotak FMP 12M Series 8 (Sold 10,000,000 Units during the current year)	-	100,000,000
Nil (PY. 10,000,000) units of Rs. 10 each of Kotak FMP 12M Series 9 (Sold 10,000,000 Units during the current year)	-	100,000,000
Nil (PY. 10,000,000) units of Rs. 10 each of Fortis Fixed Term Plan-Series 14: Plan A (Sold 10,000,000 Units during the current year)	-	100,000,000
Nil (PY. 10,000,000) units of Rs. 10 each HDFC FMP 370D November 2008 (I) (Sold 10,000,000 Units during the current year)	-	100,000,000
62,578 units of Rs. 10 each of Tata Liquid Super High Inv. Fund - Appreciation	100,000,000	100,000,000
1,51,08,936 Units of Rs. 10 each of Principal Cash Management Fund-Liquid Option Institutional Premium Plan - Dividend Reinvestment (Purchased 1,51,08,936 Units during the current year)	151,099,933	-

# Schedules

## Annexed to and forming part of the Consolidated Accounts

(Amount in Rs.)

	December 31, 2009	December 31, 2008
<b>SCHEDULE D: (Contd)</b>		
<b>Investments In Mutual Funds</b>		
1,48,269 Units of Rs. 10 each of UTI Liquid Cash Plan Institutional-Dividend reinvestment (Purchased 1,48,269 Units during the current year)	151,151,946	–
35,10,065 Units of Rs. 10 each of ICICI Prudential Institutional Liquid Plan - Dividend Reinvestment (Purchased 35,10,065 Units during the current year)	351,083,706	–
1,22,94,430 Units of Rs. 10 each HDFC Liquid Fund Premium Plan-Dividend Reinvestment (Purchased 1,22,94,430 Units during the current year)	150,727,255	–
<b>Total Investments in Mutual Funds {B} *</b>	<b>999,960,838</b>	<b>1,050,000,000</b>
<b>Proportional Share of Investments in Mutual Fund by Joint Venture Company {C}</b>	<b>113,637,498</b>	<b>72,722,036</b>
<b>Total Investments {A}+{B}+{C}</b>	<b>1,175,246,327</b>	<b>1,184,370,027</b>
*Aggregate market value of Company's investment in Unquoted Mutual Funds	1,123,994,558	1,183,324,427
<b>SCHEDULE E:</b>		
<b>Sundry Debtors</b>		
Debts outstanding for a period exceeding six months		
- Considered good	103,845,678	95,145,240
- Considered doubtful	46,801,844	62,121,997
Other debts		
- Considered good	854,354,649	676,329,235
- Considered doubtful	–	–
Less : Reserve for Doubtful Debts	(82,913,774)	(62,121,997)
	<b>922,088,397</b>	<b>771,474,475</b>
Amount receivable from following Companies under same management		
Standard & Poor's LLC	85,049,309	59,770,825
Standard & Poor's South Asia Services Private Ltd.	9,791,805	4,348,598
McGraw-Hill Companies Inc.	9,851	–
<b>TOTAL</b>	<b>94,850,965</b>	<b>64,119,423</b>
<b>SCHEDULE F:</b>		
<b>Cash and Bank Balances</b>		
Cash on Hand	91,584	305,407
Balances with Scheduled Banks		
On Current Accounts	905,768,216	437,140,558
On Deposit Accounts	666,068,500	852,776,322
On Unpaid Dividend Accounts	3,733,214	1,896,487
Deposit includes Fixed Deposits with Banks Rs. 38,464,490 (P.Y. Rs.32,628,427) marked as lien for Guarantees issued by Banks on behalf of the Company.		
<b>TOTAL</b>	<b>1,575,661,514</b>	<b>1,292,118,774</b>



# Schedules

## Annexed to and forming part of the Consolidated Accounts

(Amount in Rs.)

	December 31, 2009	December 31, 2008
<b>SCHEDULE G:</b>		
<b>Loans and Advances</b>		
Unsecured, Considered Good		
Loans to Staff	24,437,194	21,151,926
Advance Recoverable In Cash or kind for value to be received	95,746,746	92,160,445
Advance Taxes paid	18,334,207	71,279,091
Sundry Deposits	479,609,800	353,993,257
<b>TOTAL</b>	<b>618,127,947</b>	<b>538,584,719</b>
<b>SCHEDULE H:</b>		
<b>Other Current Assets</b>		
Interest Accrued On Fixed Deposit With Banks	7,065,426	12,723,491
Accrued Revenue	42,544,698	4,442,083
Building held for sale (Refer note on Schedule C)	61,265,807	–
<b>TOTAL</b>	<b>110,875,931</b>	<b>17,165,574</b>
<b>SCHEDULE I:</b>		
<b>Current Liabilities</b>		
Sundry Creditors	855,973,161	556,246,974
Fees received in advance	588,238,819	486,351,710
Unclaimed dividend (to be credited to Investor Education & Protection Fund, when due)	3,733,214	1,896,487
Other Liabilities	167,256,445	111,574,420
<b>TOTAL</b>	<b>1,615,201,639</b>	<b>1,156,069,591</b>
<b>SCHEDULE J:</b>		
<b>Provisions</b>		
Proposed Dividend	180,625,000	252,875,000
Corporate Dividend Tax thereon	31,106,826	42,976,107
Provision for Tax (net of advance tax)	14,303,245	12,569,892
Provision for Leave Encashment	152,615,026	122,631,874
Provision for Gratuity	8,442,548	21,200,905
<b>TOTAL</b>	<b>387,092,645</b>	<b>452,253,778</b>

# Schedules

## Annexed to and forming part of the Consolidated Accounts

(Amount in Rs.)

	Year Ended December 31, 2009	Year Ended December 31, 2008
<b>SCHEDULE K:</b>		
<b>Income from Operations</b>		
Ratings Services	2,389,016,014	1,887,753,462
Advisory Services (Refer Note 11 - Schedule P)	599,097,502	996,253,081
Research Services	2,323,424,858	2,194,752,914
Proportionate share in Joint Venture	61,185,266	66,844,780
<b>TOTAL</b>	<b>5,372,723,640</b>	<b>5,145,604,237</b>
<b>SCHEDULE L:</b>		
<b>Other Income</b>		
Interest on Deposits [TDS Rs.19,117,864 (PY Rs. 8,135,015)]	106,525,306	36,816,478
Interest on Loan to Subsidiary [TDS -Rs. 616,836 (PY.Rs. 1,302,033 )]	-	-
Profit on sale of fixed assets, Net	-	133,467
Dividend Income from long term investments	747,500	2,508,265
Foreign Exchange Gain (Net)	-	57,112,068
Profit from sale of current investments (Net)	96,467,976	90,149,041
Dividend income from current investments	4,062,840	-
Miscellaneous Income	17,215,218	24,264,251
Proportionate share in interest income of Joint Venture	5,028,004	5,258,950
<b>TOTAL</b>	<b>230,046,844</b>	<b>216,242,520</b>
<b>SCHEDULE M:</b>		
<b>Staff Expenses</b>		
Salaries & Bonus	1,932,030,018	1,744,901,985
Contribution to: Provident Fund	58,942,407	57,278,735
Other Funds	19,422,510	21,476,020
Staff Training and Welfare Expenses	68,192,323	87,962,428
<b>TOTAL</b>	<b>2,078,587,258</b>	<b>1,911,619,168</b>
<b>SCHEDULE N:</b>		
<b>Establishment Expenses</b>		
Repairs and Maintenance - Buildings	69,343,582	71,449,762
Repairs and Maintenance - Others	61,307,113	57,804,860
Electricity	54,298,400	48,597,311
Communication expenses	69,735,265	70,179,659
Insurance	4,280,215	6,454,188
Rent (Refer Note 9 - Schedule P)	287,569,871	261,288,551
Rates & Taxes	2,526,466	2,491,295
<b>TOTAL</b>	<b>549,060,912</b>	<b>518,265,626</b>



# Schedules

## Annexed to and forming part of the Consolidated Accounts

(Amount in Rs.)

	Year Ended December 31, 2009	Year Ended December 31, 2008
<b>SCHEDULE O:</b>		
<b>Other Expenses</b>		
Printing and Stationery	26,540,488	40,691,760
Conveyance and Travelling	165,560,909	247,589,749
Books and Periodicals	21,849,510	23,538,776
Vehicle Expenses	1,042,450	1,206,378
Remuneration to Non-whole time Directors	9,872,369	11,247,958
Business Promotion and Advertisement	16,412,915	16,853,897
Foreign Exchange loss(net)	23,203,928	–
Professional Fees	334,937,423	342,789,765
Software Purchase & Maintenance Expenses	30,217,846	18,222,484
Provision for Bad Debts	70,559,890	62,800,741
Loss on sale of fixed assets	78,77,953	7,592,281
Auditors' Remuneration	5,230,049	5,954,397
Recruitment Expenses	10,431,132	16,427,006
Seminars & Conferences	1,591,220	29,429,254
Miscellaneous Expenses	17,236,049	17,217,810
Proportionate share in administrative and other expense of Joint Venture	9,443,829	9,476,512
Diminution in value of Investments	–	13,642,499
Loss on sale of investment in subsidiary	–	60,403,834
<b>TOTAL</b>	<b>752,007,960</b>	<b>925,085,101</b>

### SCHEDULE P:

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

##### 1. Nature of Operations

CRISIL Limited ('the Company') offers domestic and international customers a unique combination of local insights and global perspectives, delivering independent information, opinions and solutions that help them make better informed business and investment decisions, improve the efficiency of markets and market participants. Its integrated range of capabilities includes credit ratings and risk assessment; research on India's economy, industries and companies; investment research outsourcing and fund services; risk management and infrastructure advisory services.

##### 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.

## Schedules

### Annexed to and forming part of the Consolidated Accounts

- 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 issued by the Institute of Chartered Accountants of India.
- 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	
		December 31, 2009	December 31, 2008
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%

### 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

### Annexed to and forming part of the Consolidated Accounts

#### 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 amortised over the lease term or useful life of the asset, whichever is less.

#### 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 recognised 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 their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### 3.5 Intangibles

Goodwill is amortised on a systematic basis over the best estimate of its useful life. Costs relating to Trademarks and Copyrights are amortised on a straight-line method over a period of four years.

#### 3.6 Operating Leases

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

#### 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, 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 recognised to the extent that it is probable that the economic benefits will flow to the Group 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 subscriptions to information products. 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. Revenue from infrastructure advisory services are recognised 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.

# Schedules

## Annexed to and forming part of the Consolidated Accounts

### 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 statement. 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 prior to 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.

### 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.



## Schedules

### Annexed to and forming part of the Consolidated Accounts

#### 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 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. 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 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 organised 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.

##### Unallocated items

Unallocable income and expenses include 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.

# Schedules

## Annexed to and forming part of the Consolidated Accounts

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.

### 4. Details of Contingent liabilities are as under:

	(Amount in Rs.)	
	Year Ended December 31, 2009	Year Ended December 31, 2008
Bank Guarantee in the normal course of business	38,464,890	39,193,212
Disputed income tax demand:		
Pending before Appellate authorities in respect of which the Group is in appeal	30,166,544	18,227,777
Decided in Group's favour by Appellate authorities and Department is in further appeal	18,212,021	4,706,559
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	89,025,159	87,252,360
<b>TOTAL</b>	<b>175,868,614</b>	<b>149,379,908</b>

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

	Year Ended December 31, 2009	Year Ended December 31, 2008
<b>Deferred Tax Liability</b>		
Depreciation/Amortisation	(29,689,226)	(30,361,583)
Disallowance under section 40(a)	(1,522,583)	-
<b>TOTAL (A)</b>	<b>(31,211,809)</b>	<b>(30,361,583)</b>
<b>Deferred Tax Asset</b>		
Provision for Leave Encashment	48,085,409	43,673,546
Provision for Gratuity	2,406,012	1,074,782
Provision for Bonus and Commission	32,231,187	25,995,693
Provision for bad debts	18,365,419	11,243,773
Deferment of Rating fees	8,756,658	9,186,846
Lease Rent amortisation	19,310,095	15,248,844
Depreciation/Amortisation	1,958,747	1,945,452
Disallowance under section 40(a)	798,902	-
Long term capital loss	47,106	-
Disallowance under section 40(a)	-	334,392
	<b>131,959,535</b>	<b>108,703,328</b>
<b>NET DEFERRED TAX ASSET/(LIABILITY)</b>	<b>100,747,726</b>	<b>78,341,745</b>



## Schedules

### Annexed to and forming part of the Consolidated Accounts

#### 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 include 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 segment provides high end equity research, industry reports, customised research assignments, subscription to data services and IPO gradings.

The Advisory segment comprises of infrastructure advisory and risk management practice.

Segment Reporting for the Year ended December 31, 2009:

(Amount in Rs.)

	Business segments			Total
	Ratings	Advisory	Research	
<b>Operating Revenue (Refer Note II Schedule P)</b>	2,389,016,014	599,097,502	2,384,610,124	5,372,723,640
Segment Results (Refer Note II Schedule P)	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 current investments				96,467,976
Others				26,220,745
2. Unallocable Expenditure				(4,683,055)
3. Depreciation				(148,515,395)
Profit Before Tax				2,074,598,958
Tax Expense				(466,822,359)
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:

(Amount in Rs.)

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>

# Schedules

## Annexed to and forming part of the Consolidated Accounts

Segment Reporting for the Year ended December 31, 2008:

(Amount in Rs.)

	Business segments			Total
	Ratings	Advisory	Research	
<b>Operating Revenue (Refer Note II - Schedule P)</b>	1,887,753,462	996,253,081	2,261,597,694	5,145,604,237
Segment Results (Refer Note II - Schedule P)	908,105,261	216,629,320	819,848,201	1,944,582,782
Add/(Less) Unallocables:				
1. Unallocable Income				
Interest Income				36,816,478
Profit on sale of current investments				90,149,041
Others				30,380,188
2. Unallocable Expenditure				(95,051,627)
3. Depreciation				(136,423,009)
Profit Before Tax				1,870,453,853
Tax Expense				(464,709,381)
Profit After Tax				1,405,744,472
Non-cash expenses other than depreciation and amortisation	11,953,888	9,370,000	14,756,796	36,080,684
Segment Assets*				
Segment Debtors	238,223,100	178,807,934	354,443,441	771,474,475
Segment Liabilities*				
Fees Received in advance	370,501,696	11,231,464	106,097,421	487,830,581

Revenue by Geographic Segments:

(Amount in Rs.)

Country	
India	2,149,407,077
United Kingdom	1,715,024,311
United States Of America	1,089,874,760
Others	191,298,089
<b>TOTAL</b>	<b>5,145,604,237</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

(Amount in Rs.)

Name of the related party	Nature of transaction	Year Ended December 31, 2009	Year Ended December 31, 2008
Standard & Poor's LLC	Professional Services Rendered	735,549,171	563,666,959
	Reimbursement of expenses	12,255	7,273,764
	Amount Receivable	85,049,309	59,770,825
S&P India, LLC	Dividend	312,094,800	218,466,360
	Share Capital Outstanding	31,209,480	31,209,480
Standard & Poor's South Asia Services Private Limited	Professional Services Rendered	7,141,028	617,215
	Reimbursement of expenses	18,220,525	3,731,383
	Amount Receivable	9,791,805	4,348,598
Standard & Poor's International LLC, USA	Dividend	60,000,000	42,000,000
	Share Capital Outstanding	6,000,000	6,000,000
The McGraw-Hill Companies, Inc	Expenses Recovered	61,018	20,382
	Amount Receivable	9,851	–
McGraw-Hill Education India Private Limited	Professional Services Rendered	–	14,920,206
	Reimbursement of expenses	–	25,066,049
	Amount Receivable	–	11,963,663
Roopa Kudva*	Remuneration paid	19,000,942	19,924,803

\*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 ascertainable and, therefore, not included above.

## Schedules

### Annexed to and forming part of the Consolidated Accounts

8. The Group 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) issued by the Institute of Chartered Accountants of India, the details of interest in the Joint Venture are as under:

(Amount in Rs.)

	Unaudited	
	Year Ended December 31, 2009	Year Ended December 31, 2008
Assets	122,961,959	89,447,554
Reserves and Surplus	106,994,133	71,256,570
Liabilities	9,597,826	11,820,983
Income	66,213,270	72,103,730
Expenses	10,057,344	10,143,589
Tax Expense	17,611,858	20,159,149
Contingent Liability	3,238,192	751,530

#### 9. Operating Lease

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

(Amount in Rs.)

	Year Ended December 31, 2009	Year Ended December 31, 2008
Lease Payment recognised in Profit & Loss Account	287,569,871	261,288,551
Future Minimum Lease Payments :		
Not later than one year	441,964,906	219,013,366
Later than One Year & not later than 5 Years	2,429,083,909	708,090,528
Later than 5 Years	1,202,509,669	203,578,140
<b>TOTAL</b>	<b>4,073,558,484</b>	<b>1,130,682,034</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.

Profit & Loss Account:

Net employee benefit expense (recognised in Employee Cost)

(Amount in Rs.)

	Year Ended December 31, 2009	Year Ended December 31, 2008
Current Service cost	14,085,580	9,544,786
Interest cost on defined benefit obligation	3,128,810	3,153,094
Expected return on plan assets	(2,845,210)	(1,426,980)
Net actuarial (gain)/ loss recognised in the year	4,109,140	9,569,979
Losses/(Gains) on "Acquisition/Divestiture"	–	(39,494)
<b>NET GRATUITY BENEFIT EXPENSE</b>	<b>18,478,320</b>	<b>20,801,385</b>



## Schedules

### Annexed to and forming part of the Consolidated Accounts

Balance Sheet:

Details of Provision for Gratuity Benefit

(Amount in Rs.)

	As at December 31, 2009	As at December 31, 2008
Present value of funded obligations	59,956,958	46,923,957
Fair value of plan assets	(51,514,409)	(25,723,052)
<b>NET LIABILITY</b>	<b>8,442,549</b>	<b>21,200,905</b>

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

	As at December 31, 2009	As at December 31, 2008
Opening Defined Benefit Obligation	46,923,957	29,261,994
Current Service Cost	14,085,580	9,544,786
Interest Cost	3,128,810	3,153,094
Actuarial (gain)/loss	2,629,250	12,811,600
Benefits paid	(6,810,640)	(7,847,517)
<b>CLOSING DEFINED BENEFIT OBLIGATION</b>	<b>59,956,957</b>	<b>46,923,957</b>

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

	As at December 31, 2009	As at December 31, 2008
Opening Fair value of plan assets	25,723,052	10,315,331
Expected return on plan assets	2,845,210	1,426,980
Actuarial gain/(loss)	(1,479,890)	3,241,621
Contribution by employer	31,236,680	18,547,143
Asset acquired on acquisition	-	39,494
Benefits paid	(6,810,640)	(7,847,517)
<b>CLOSING FAIR VALUE OF PLAN ASSETS</b>	<b>51,514,412</b>	<b>25,723,052</b>

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

	As at December 31, 2009	As at December 31, 2008
Experience adjustment on plan assets	(1,479,840)	3,523,032
Experience adjustment on plan liabilities	(3,207,220)	(299,664)

## 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

	Year Ended December 31, 2009	Year Ended December 31, 2008
Investment with Insurer	100%	100%
Actual return on plan assets (Based on interest rate declared by the insurer as at 31st March 2009/2008)	9.30%	9.25%

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:

	Year Ended December 31, 2009	Year Ended December 31, 2008
Discount Rate	8.20%	7.20%
Estimated rate of return on plan assets	7.50%	7.50%
Expected Employee Turnover		
Age: 21-44 Years	6.5%	2.0%
Age: 44-57 Years	6.0%	1.0%
Expected Employer's Contribution next year (Rupees)	33,000,000	23,000,000

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

11. CRISIL Limited sold 90% of its stake in Gas Strategies Group (GSG) Limited on December 10, 2008. Impact of GSG operations in the previous year are as under:

(Amount in Rs.)

	Year Ended Dec 31, 2008		
	Excluding GSG	GSG	Total
Operating revenue	4,644,254,873	501,349,364	5,145,604,237
Profit after tax	1,352,749,862	52,994,610	1,405,744,472
Earning per share (EPS)	187.24	7.33	194.57
Advisory Segment results	146,834,661	69,794,659	216,629,320

12. The accounts of India Index Services and Products Limited is unaudited and financial statement (excluding notes to accounts) as certified by the management, has been considered in these consolidated financial statements.

13. 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.  
Chartered Accountants

per Shrawan Jalan  
Partner  
Membership No.: 102102

Place : Mumbai  
Date : February 18, 2010

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

Ravinder Singhania  
Director

Roopa Kudva  
Managing Director & Chief Executive Officer

Shrikant Dev  
Company Secretary

Thomas Schiller  
Director

David Pearce  
Director

H.N. Sinor  
Director

B V Bhargava  
Director

Rama Bijapurkar  
Director

Nachiket Mor  
Director

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

(Amount in Rs.)

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. Z.o.o.	Irevna Limited, UK	Irevna LLC, US
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	8,000,000 Equity Shares of Pence 0.1 each, fully paid up	1 Equity Share of US\$ 200 each, fully paid up
3. Reserves & Surplus	166,863,137	(83,471)	10,215,258	1,322,245	655,445	(61,033,037)
4. Total Assets	443,948,020	439,001	30,062,948	20,104,712	170,242,408	150,353,732
5. Total Liabilities	443,948,020	439,001	30,062,948	20,104,712	170,242,408	150,353,732
6. Investments	—	—	—	—	790,231	552,732
7. Turnover	602,201,974	—	74,484,882	22,435,485	887,865,260	595,860,946
8. Profit/(Loss) Before Taxation	124,283,088	(13,962)	6,918,132	2,184,796	1,197,034	(7,578,687)
9. Tax Expense	45,487,142	—	2,421,356	386,123	484,468	387,755
10. Profit After Taxation	78,795,946	(13,962)	4,496,776	1,798,672	712,566	(7,966,442)
11. Dividend Paid	—	—	—	—	—	—

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

Ravinder Singhania Director	Rama Bijapurkar Director	David Pearce Director	Thomas Schiller Director	Nachiket Mor Director
H. N. Sinor Director	Roopa Kudva Managing Director & Chief Executive Officer	B V Bhargava Director	Shrikant Dev Company Secretary	

Place: Mumbai  
Date: February 18, 2010

# Notice

NOTICE is hereby given that the Twenty-third Annual General Meeting of the members of CRISIL Limited (the Company) will be held on Friday, April 16, 2010 at 3.30 p.m. 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, 2009 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, 2009 and declare final dividend for the year 2009 on equity shares.
3. To appoint a Director in place of Ms. Rama Bijapurkar, who retires by rotation and, being eligible, offer herself for reappointment.
4. To appoint a Director in place of Mr. H. N. Sinor, 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."

## Special Business:

6. To consider, and if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution:  
"RESOLVED THAT Mr. Deven Sharma, who was appointed as an Additional Director of the Company with effect from October 29, 2009 at the meeting of the Board of Directors of the Company pursuant to Section 260 of the Companies Act, 1956 (the Act) and in respect of whom the Company has received a notice under Section 257 of the Act, be and

is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board  
For CRISIL Limited

Place: Mumbai  
Date: February 18, 2010

Shrikant Dev  
Company Secretary

## 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 17, 2010 to Thursday, March 18, 2010 (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 16, 2010; and
  - (ii) 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 16, 2010.
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 2002-2003

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

Ms. Rama Bijapurkar, Director, retires by rotation and being eligible, offers herself for re-appointment. A brief resume of Ms. Rama Bijapurkar is given below:

Ms. Rama Bijapurkar is a recognised thought leader on market 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. 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 organisations 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).

Ms. Rama Bijapurkar is a Director on the Boards of Infosys Technologies Limited, Godrej Consumer Products Limited, Ambit Holdings Pvt. Limited, AXIS Bank Limited, CRISIL Risk and Infrastructure Solutions Limited, Mahindra Holidays & Resorts India Limited, Mahindra & Mahindra Financial Services Limited, ICICI Prudential Life Insurance Company Limited and Bharat Petroleum Corporation Limited. She is a member of the Audit Committee of Mahindra Holidays & Resorts India Limited and Mahindra & Mahindra Financial Services Limited. She is also the Chairperson of the Investor Grievance Committee of Infosys Technologies Limited.

She does not hold any shares in the Company.

The Board considers it in the interest of the Company to appoint Ms. Rama Bijapurkar as a Director.

None of the Directors, except Ms. Rama Bijapurkar, is interested or concerned in this Resolution.

### Item No. 4

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

Mr. H. N. 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 as 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 Jt. Managing Director till May 2003. After demitting the office of ICICI Bank, he joined Indian Banks' Association as the Chief Executive.

Mr. H.N. Sinor is currently on the Board of 3i Infotech Limited, 3i Infotech Holdings Pvt. Limited, Mauritius, ICICI Venture Funds Management Company Limited, ICICI Lombard General Insurance Company Limited, Tata Investment Corporation Limited, Tata

Motors Finance Limited, Themis Medicare Limited, Tata Capital Limited, J.M. Asset Reconstruction Company Pvt. Limited, ICICI Prudential Asset Management Company Limited, Sahara India Financial Corporation Limited, Zoroastrian Co-operative Bank Limited, India Strategic Assets Fund Limited and Avaya GlobalConnect Limited.

He holds the membership of Audit Committee of ICICI Venture Funds Management Co., ICICI Lombard General Insurance Co., Tata Investment Corporation Limited, Tata Capital Limited, Sahara India Financial Corporation Limited and Avaya GlobalConnect Limited. He is the Chairman of the Audit Committee of Themis Medicare Limited and Zoroastrian Co-operative Bank Limited. He is the Chairman of the Shareholders Grievance Committee of Avaya GlobalConnect Limited.

Mr. H. N. Sinor does not hold any shares in the Company.

The Board considers it in the interest of the Company to appoint Mr. H. N. Sinor as a Director.

None of the Directors, except Mr. H. N. Sinor, is interested or concerned in this Resolution.

#### **EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**

#### **Item No. 6**

Mr. Deven Sharma who has been appointed as an additional Director of the Company under Section 260 of the Companies Act, 1956 effective October 29, 2009 holds office upto the date of this Annual General Meeting, and is eligible for appointment as Director as provided under Article 129 of the Articles of Association of the Company. The Company has received Notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose the candidature of Mr. Deven Sharma for the office of director.

Mr. Deven Sharma is President of Standard & Poor's, a division of The McGraw-Hill Companies, and the world's foremost source of financial market intelligence, providing independent credit ratings, indices, risk evaluation, investment research and data. Mr. Sharma joined S&P in 2007 as executive vice president, Investment Service and Global Sales. Prior to joining S&P, Mr. Sharma was executive vice president, Global Strategy at The

McGraw-Hill Companies for five years. Deven 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 globalisation, 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. Prior to Booz•Allen, Deven worked with manufacturing companies, Dresser Industries and Anderson Strathclyde. Deven 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. Deven has authored several publications on competitive strategy, customer solutions, sales and marketing. He is a Board member of the Asia Society Business Council.

Mr. Deven Sharma does not hold any shares in the Company.

The Board of Directors considers it in the interest of the Company to appoint Mr. Deven Sharma as a Director.

None of the Directors, except Mr. Deven Sharma, is interested or concerned in this resolution.

By Order of the Board  
For CRISIL Limited

Place: Mumbai  
Date: February 18, 2010

Shrikant Dev  
Company Secretary

#### **Registered Office:**

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

## REGISTERED OFFICE

### CRISIL House,

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

## CITY OFFICES

### SEZ

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

303, Paritosh, Usmanpura,  
Ahmedabad - 380 013.  
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

### Chennai

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

### The Oval,

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

### Bascon Futura IT Park

8th floor, 56 L, 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 3000  
Fax: +91-44-4226 3001

### 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/ 26930117  
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

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London NW15RA. United Kingdom.  
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Fax: +44-0-207-170 4120  
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### Irevna LLC

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10th Floor, New York,  
New York 10036. U.S.A.  
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www.irevna.com

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

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Wroclaw 53-333.  
Tel: +48-78-5500-945



A Standard & Poor's Company

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 THIRD ANNUAL GENERAL MEETING of the Company to be held on Friday, April 16, 2010 at 3.30 p.m. at Rangaswar Hall, 4th floor, Yashwantrao Chavan Pratishthan, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400021.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Signature \_\_\_\_\_

Revenue  
stamp of 15  
paise

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.

## ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)  
23rd Annual General Meeting - April 16, 2010

I hereby record my presence at the TWENTY THIRD ANNUAL GENERAL MEETING of the Company held on Friday, April 16, 2010 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 \_\_\_\_\_

Member's/Proxy's Signature \_\_\_\_\_





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