



Board of Directors



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

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

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

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%
TOTAL	6,949.78	100.00%	8,031.72	100.00%	-13.47%

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%
TOTAL INCOME	46,445.36	100.00%	40,389.03	100.00%	14.99%
Expenses					
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%
OPERATING EXPENSES	27,411.20	59.02%	22,876.70	56.64%	19.82%
PROFIT BEFORE TAX	19,034.16	40.98%	17,512.33	43.36%	8.69%
Provision for Taxation	4,000.44	8.61%	3,774.52	9.35%	5.99%
PROFIT AFTER TAX*	15,033.72	32.37%	13,737.81	*34.01%	9.43%

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%
INCOME FROM OPERATIONS	44,162.34	100.00%	37,835.37	100.00%	16.72%

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%
TOTAL EXPENSES	27,411.20	59.02%	22,876.70	56.64%	19.82%
REVENUES	46,445.36	100.00%	40,389.03	100.00%	14.99%

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.



Name of the Director	Memberships on other Boards	Committee Memberships
Thomas Schiller	CRISIL Risk and Infrastructure Solutions Limited	-
David Pearce	CRISIL Risk and Infrastructure Solutions Limited	-
Ravinder Singhania (alternate Director)	Unitech Limited Assets Care Enterprise Limited	- -
Roopa Kudva	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
TOTAL	1,000,000	8,776,800	9,776,800

* 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

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.

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.

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 and 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.

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

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.

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

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
	Total	7,225,000	100.00

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	–
TOTAL	109	109	–

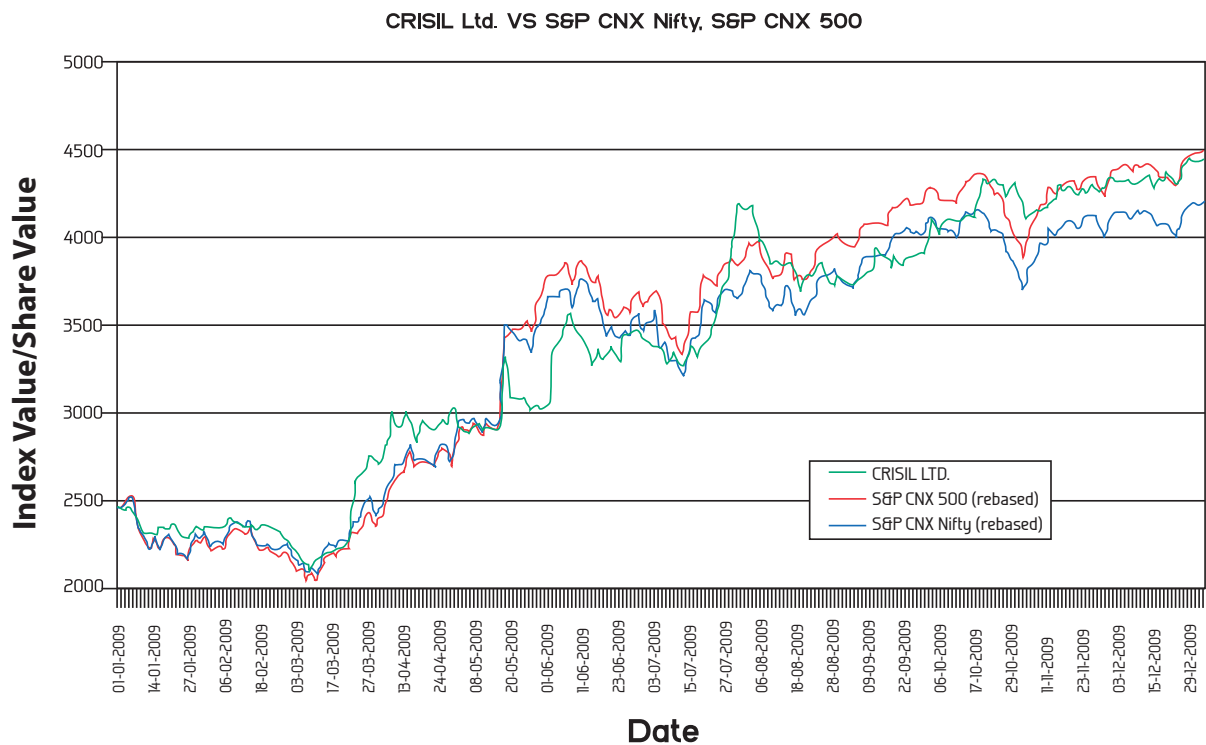
Price movements of the Company's shares on National Stock Exchange of India Ltd and Bombay Stock Exchange Limited for the period from January to December 2009

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.

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.

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

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

Place: Mumbai

Partner

Date: February 18, 2010

Membership No.: 102102