

BOARD OF DIRECTORS



1. Mr. Deven Sharma, *Chairman*

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

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

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

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



2. Mr. BV Bhargava, *Director*

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

3. Mr. HN Sinor, *Director*

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



Tata Capital Limited, and several other Companies.

4. Ms. Rama Bijapurkar, Director

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

5. Dr. Nachiket Mor, Director

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

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

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

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

6. Mr. Thomas Schiller, Director

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

BOARD OF DIRECTORS (contd.)



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

7. Mr. David Pearce, Director

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

8. Mr. Ravinder Singhania, Director

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

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



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

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

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

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

Senior Management

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

Allotment Committee

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

Audit Committee

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

Compensation Committee

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

Investment Committee

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

Investor Grievance Committee

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

Rating Committee

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

Auditors

Messrs. S. R. Batliboi & Co.

Solicitors

Messrs. Wadia Ghandy & Co.

Company Secretary

Mr. Shrikant Dev

Bankers

ICICI Bank Limited
Andhra Bank
Indian Overseas Bank

Share Transfer Agent

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

Registered Office

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

DIRECTORS' REPORT

Dear Members,

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

PERFORMANCE

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

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

DIVIDEND

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

BUYBACK OF EQUITY SHARES

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

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

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

Share Capital of the Company (Pre and Post Buyback)

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



REVIEW OF OPERATIONS

A. RATINGS

Highlights

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

Business Environment

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

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



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

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

Operations

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

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

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

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

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

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

B. RESEARCH

B.1. GLOBAL RESEARCH & ANALYTICS

B.1.a. IREVNA

Highlights

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

Business Environment

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

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

Operations

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

B.2. INDIA RESEARCH

Highlights

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

Business Environment

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

Operations

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

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

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

C. ADVISORY

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

C.1. CRISIL INFRASTRUCTURE ADVISORY BUSINESS

Highlights

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

Business Environment

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

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

Operations

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

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

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

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

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

C.2. CRISIL RISK SOLUTIONS (CRS)

Highlights

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

Business Environment

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

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

Operations

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

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

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

D. COLLABORATION WITH S&P

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

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

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

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

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

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

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

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

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

F. HUMAN RESOURCES

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

Highlights of CRISIL's Talent Attraction Initiatives

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

Retaining Talent

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

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

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

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

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

G. SUBSIDIARIES

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

H. ACQUISITION OF PIPAL RESEARCH

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

I. JOINT VENTURE - INDIA INDEX SERVICES AND PRODUCTS LIMITED

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

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

J. DIRECTORS

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

K. AUDITORS

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

L. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

M. CORPORATE GOVERNANCE

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

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

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

N. OTHERS

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

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

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

Your Directors hereby confirm that:

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

Employees Stock Option Scheme

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

Acknowledgements

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

On behalf of the Board of Directors,

Mumbai, February 14, 2011

Deven Sharma
Chairman

Annexure to the Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

BUSINESS AND INDUSTRY OVERVIEW

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

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

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

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

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

ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

A. Financial Condition

1) Fixed Assets

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

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

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

2) Investments and Treasury

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

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

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

3) Current Assets, Loans and Advances

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

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

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

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

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

4) Current Liabilities & Provisions:

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

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

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

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

B. Results of Operations

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

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

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

Operating Revenue

(Rupees Lakh)

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

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

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

(Rupees Lakh)

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

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

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

Interest

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

C. Risk Management

CRISIL manages risks in its business operations as follows:

1) Business Risks

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

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

2) Financial Risks

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

3) Legal & Statutory Risks

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

4) Technology-Related Risks

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

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

5) **Audit and Internal Controls**

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

6) **Policy Risks**

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

The above discussion contains forward-looking statements, which may be identified by their use of words such as plans, expects, will, anticipates, intends. All such statements address the expectations from, and projections for, the future, including but not limited to statements about the company's strategy for growth, product development, market development, market position, expenditure and financial results. These forward-looking statements are based on assumptions and expectation of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The company's actual results, performance, or achievements may, therefore, differ materially from those projected in these forward-looking statements. The company assumes no responsibility to publicly amend any forward-looking statements, on the basis of any subsequent developments, information or events.

AUDITORS' CERTIFICATE

for Corporate Governance

To the Members of CRISIL Limited

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

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

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

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

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

per Shrawan Jalan
Partner

Membership No: 102102

Mumbai, February 14, 2011

CHIEF EXECUTIVE OFFICER'S DECLARATION

To the Members of CRISIL Limited

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

For CRISIL Limited

Roopa Kudva

Date: February 14, 2011

Managing Director & Chief Executive Officer

Report of the Directors on CORPORATE GOVERNANCE

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

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

BOARD OF DIRECTORS:

Size and Composition of the Board:

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

Membership Term:

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

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

Criteria for Board Membership:

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

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

Succession Policy:

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

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

Memberships of other boards:

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

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

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

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

Details of Shareholdings of Directors as on December 31, 2010

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

Responsibilities:

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

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

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

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

Remuneration Policy:

1) Remuneration to non-whole-time directors:

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

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

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

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

a) Annual remuneration:

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

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

b) Long-Term Rewards:

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

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

(In Rupees)

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

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

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

Dividend Policy:

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

BOARD COMMITTEES

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

Rating Committee:

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

Audit Committee:

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

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

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

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

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

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

Investment Committee:

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

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

Investors Grievance Committee:

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

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

Compensation Committee:

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

Director	No. of committee meetings held	No. of committee meetings attended
BV Bhargava	1	1
Rama Bijapurkar	1	1
Thomas Schiller	1	1
Deven Sharma	1 [#]	-
HN Sinor [*]	-	-

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

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

Allotment Committee:

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

SHARE HOLDERS

Means of Communication:

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

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

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

Grievance Redressal:

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

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

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

General Body Meetings:

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

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

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

Postal Ballot System:

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

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

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

Disclosures:

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

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

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

CRISIL Code of Conduct for Directors and Senior Management:

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

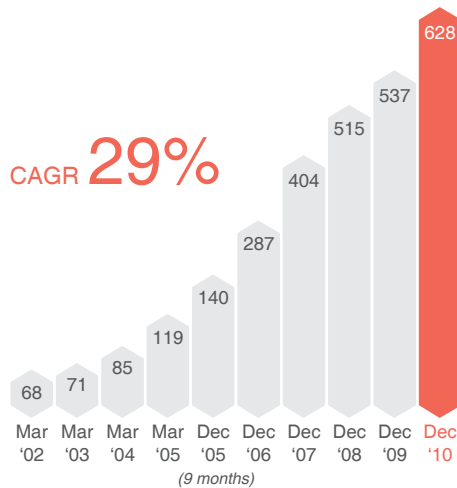
Whistle-Blower Policy:

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

CRISIL CONSOLIDATED TEN YEAR FINANCIAL HIGHLIGHTS

INCOME FROM OPERATIONS

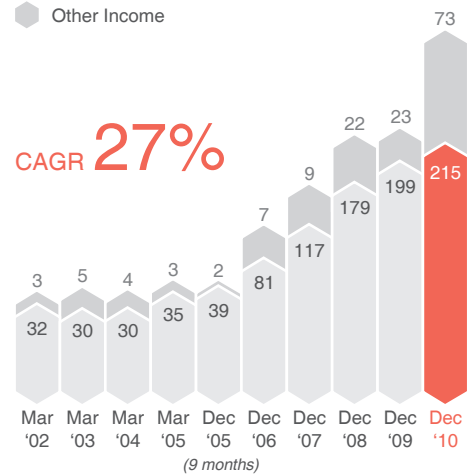
(Rs. in Crores)



EBITDA

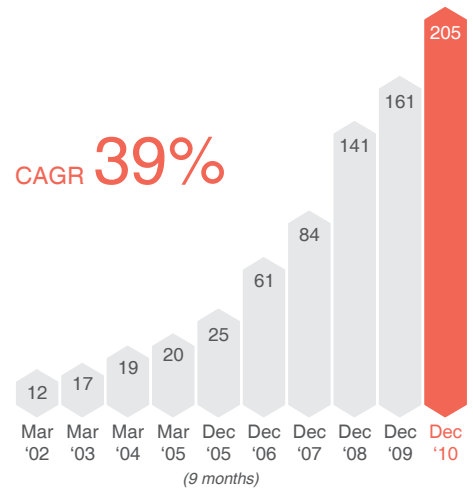
(Rs. in Crores)

Other Income



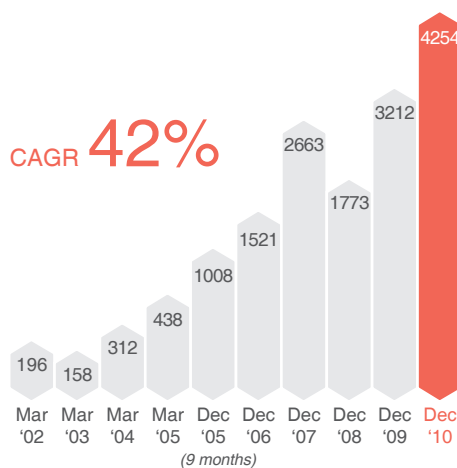
PROFIT AFTER TAX

(Rs. in Crores)



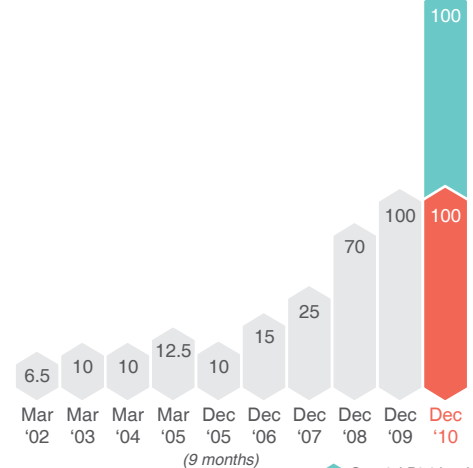
MARKET CAPITALISATION

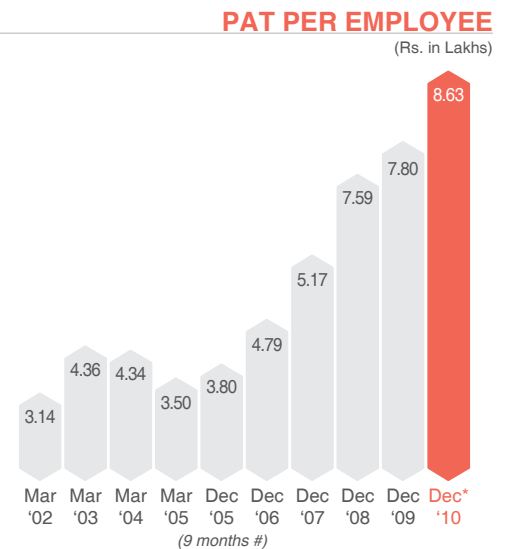
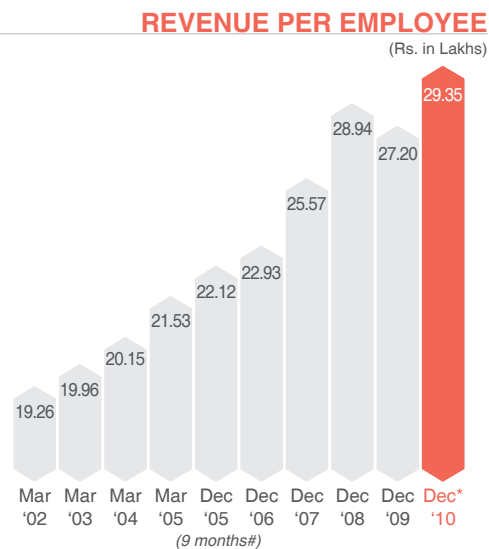
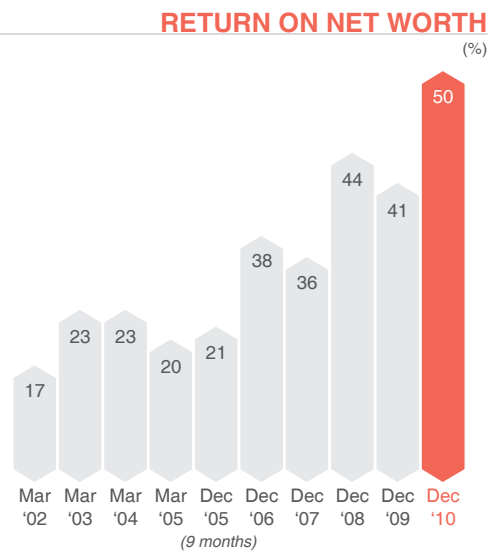
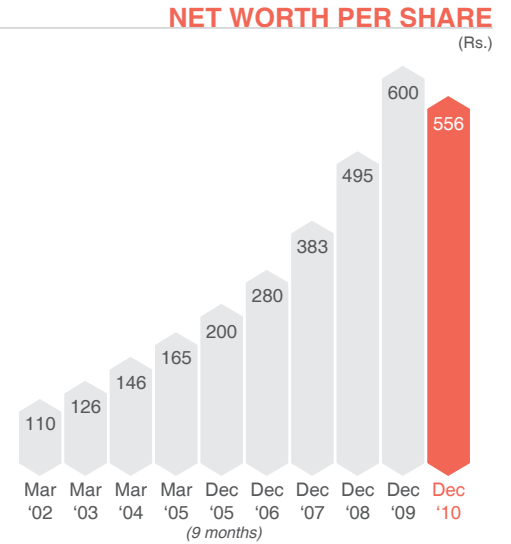
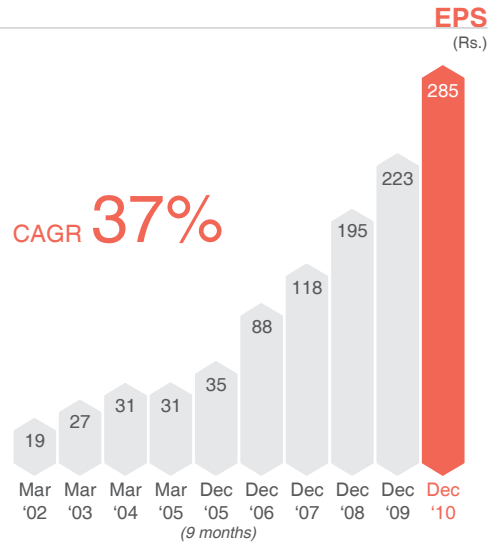
(Rs. in Crores)



DIVIDEND

(Rs. per share)





GENERAL INFORMATION FOR MEMBERS

- | | | |
|---|---|--|
| 1. Annual General Meeting | : | |
| Date and Time | | April 15, 2011 at 3.30 p.m. |
| Venue | | Rangaswar Hall, 4th floor,
Yashwantrao Chavan Pratishthan,
Gen. Jagannath Bhosale Marg
Next to Sachivalaya Gymkhana
Mumbai – 400021 |
| <hr/> | | |
| 2. Calendar for Financial Reporting for the | : | |
| First Quarter ending March 31, 2011 | | Friday, April 15, 2011 |
| Second Quarter ending June 30, 2011 | | Wednesday, July 20, 2011 |
| Third Quarter ending September 30, 2011 | | Tuesday, October 18, 2011 |
| Year Ending December 31, 2011 | | End of February, 2012 |
| Newspaper where the results are published | | Business Standard and Sakal |
| Site where the financial results, shareholding pattern, annual report etc. are uploaded | | www.crisil.com |
| <hr/> | | |
| 3. Proposed Final Dividend | : | Rs. 25 per share having nominal value of Rs. 10 each. |
| 4. Dates of Book Closure | : | Wednesday, March 16, 2011 to Thursday, March 17, 2011 (both days inclusive) |
| 5. Dividend Payment Date | : | May 03, 2011 (if dividend payment is approved at the Annual General Meeting). |
| 6. Listing Details | : | The shares of the Company are listed on: <ul style="list-style-type: none"> ● 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. <p>The Company has paid listing fees at both the exchanges and has complied with the listing requirements.</p> |
| 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 – 400076. Phone: 022-33423000 Fax: 022-33423810
10. Depository System	: Currently, 99.58% of the Company's Share Capital is held in dematerialised form. For any assistance in converting physical shares in electronic form, investors may approach Karvy Computershare Private Limited or Mr. Shrikant Dev, Compliance Officer, at the addresses given above.
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 address.
15. Email ID of Grievance Redressal Division	: investors@crsil.com

Shareholding Pattern as on December 31, 2010

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

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

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

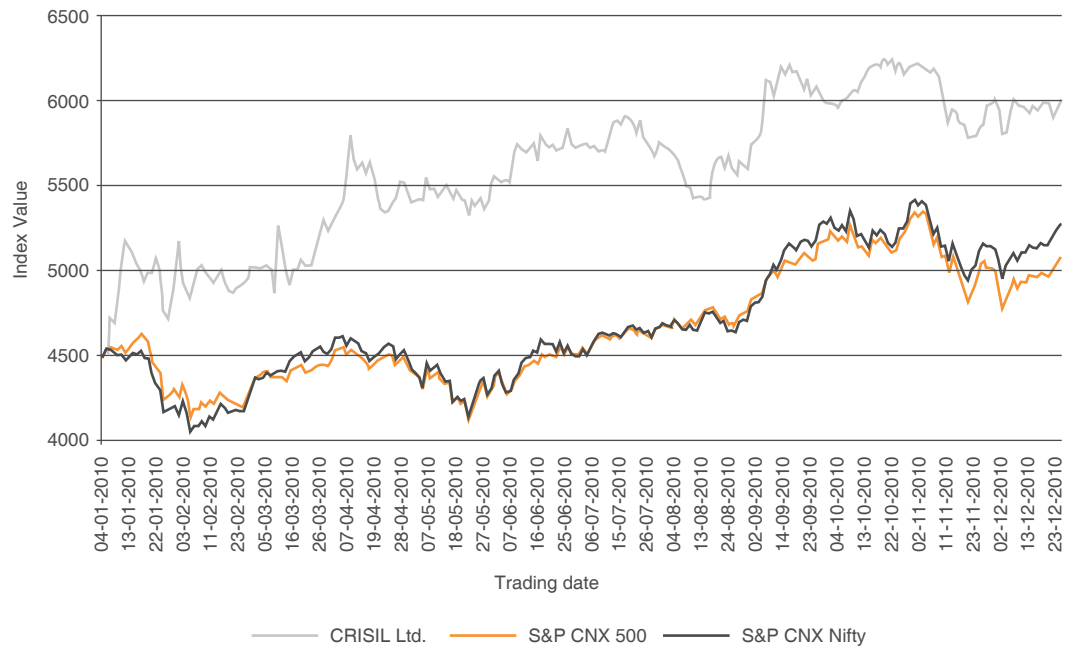
Status report on number of shareholder requests/complaints received and resolved by the Company during the year ended December 31, 2010

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

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

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

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



Shareholders Rights:

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

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

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

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

per Shrawan Jalan

Partner

Membership No.: 102102

Place: Mumbai

Date: February 14, 2011



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

Re: CRISIL Limited

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

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



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

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

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

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

per Shrawan Jalan
Partner
Membership No.: 102102

Place: Mumbai
Date: February 14, 2011



AUDITORS' REPORT

The Board of Directors of CRISIL Limited

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

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

per Shrawan Jalan

Partner

Place: Mumbai

Date: February 14, 2011

Membership No.: 102102