

CRISIL Irevna Information & Technology (Hangzhou) Co. Ltd.

Directors' Report

Your Directors present the Annual Report together with the Audited Statement of Accounts for the year ended on December 31, 2016.

Financial Results :

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

(Amount in CNY)

	Year Ended December 31, 2016	Year Ended December 31, 2015
Total Income for the year	18,892,281	18,629,135
Profit / (Loss) before depreciation	3,081,837	2,574,663
Depreciation	515,341	546,473
Profit / (Loss) before Tax	2,566,496	2,028,190
Provision for tax	683,281	431,234
Profit / (Loss) After Tax	1,883,215	1,596,956

Review of Operations :

2016 has been an eventful year for our China operations. Clients' strategy witnessed a noticeable shift towards maintaining market coverage while optimizing operations to mitigate market headwinds. We witnessed steady improvement in our overall integration levels with our their clients. There was traction in buy-side as well where two new roles were added. The nature of support continued to evolve based on market needs and the business increased its total roles by ~20%. We started support to one of our marquee clients from China in 2016. We partnered with another client in managing onshore reorganization enabling them in achieving strategic objectives. We now have 95%+ penetration level with this client.

The Company received a subsidy from the government by virtue of being notified as one of the most favored companies in the Hangzhou. The company also received ISO 27001:2013 recertification.

Investments made in the sales side in 2016 are expected to get us results in 2017. We have submitted an RFP for Asia support for one of our existing large clients. We have also submitted a global RFP for another large bank.

Clients are showing interest in a hybrid model where CRISIL's relevance increases across the entire value chain – Offshore and onshore.

In 2015, it was anticipated that clients will look for products that provide information on companies instead of seeking Full Time Equivalent associates, which may open up fresh universe of the prospective business for the Company. Market interactions on this front have been limited in 2016. Expected to increase in 2017.

Directors :

During the year, Mr. Pankaj Jain was removed as Director of the Company.

Further, Mr. Siddharth Arora was appointed as Director of the Company.

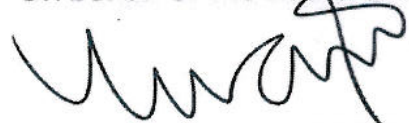
Dividend :

The Board declared final dividend of RMB 2,000,000 for the year ended December 31, 2015 and is in the process of paying the same.

Acknowledgements :

Your Directors wish to place on record their grateful appreciation for the continued support, co-operation and assistance extended to the Company from time to time by the Company's Bankers, Clients, Vendors and various authorities for their confirmed support, and for the hard work put in by the employees at all levels.

On behalf of the Board of Directors



Pawan Kumar Jain
Chairman

Hangzhou, January 18, 2017

**CRISIL Irevna Information Technology
(Hangzhou) Co., Ltd.**

Audited Financial Statements

31 December 2016

Important Notice

The attached financial statements have been translated from the statutory financial statements prepared in accordance with the generally accepted accounting principles applicable to foreign investment enterprises established in the People's Republic of China. In the event of any differences in interpreting the financial statements, the Chinese version shall prevail.

CRISIL Irevna Information Technology (Hangzhou) Co., Ltd.

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Auditor's Report

Ernst & Young Hua Ming (2017) Shen Zi No. 61023025_B01

To the Board of Directors of CRISIL Irevna Information Technology (Hangzhou) Co., Ltd.:

We have audited the accompanying financial statements of CRISIL Irevna Information Technology (Hangzhou) Co., Ltd. (the "Company"), which comprise the balance sheet as at 31 December 2016, and the income and profit appropriation statement, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing and fairly presenting the financial statements in accordance with the Accounting System for Business Enterprises; (2) designing, implementing and maintaining internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Chinese Standards on Auditing. Those standards require that we comply with Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditor's Report (continued)

Ernst & Young Hua Ming (2017) Shen Zi No. 61023025_B01

Auditor's Responsibility (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material aspects, the financial position of CRISIL Irevna Information Technology (Hangzhou) Co., Ltd. as at 31 December 2016 and its financial performance and cash flows for the year than ended in accordance with the Accounting System for Business Enterprises.

Yang Jun

Ernst & Young Hua Ming LLP
Shanghai Branch

Chinese Certified Public Accountant

Xia Qing

Shanghai, the People's Republic of China

Chinese Certified Public Accountant

18 January 2017

CRISIL Irevna Information Technology (Hangzhou) Co., Ltd.
BALANCE SHEET
31 December 2016
(Expressed in Renminbi Yuan)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Current assets:			
Cash and bank	3	7,885,938.08	5,636,208.39
Accounts receivable	4	1,746,603.31	1,322,132.41
Other receivables	5	412,770.12	212,770.12
Prepaid expenses		99,309.00	95,617.82
Total current assets		<u>10,144,620.51</u>	<u>7,266,728.74</u>
Fixed assets:			
Cost	6	2,840,953.98	2,538,745.12
Less: Accumulated depreciation	6	<u>2,127,136.15</u>	<u>1,611,794.84</u>
Net book value	6	<u>713,817.83</u>	<u>926,950.28</u>
Other long-term assets:			
Other long-term assets		55,000.00	55,000.00
Total other assets		<u>55,000.00</u>	<u>55,000.00</u>
TOTAL ASSETS		<u>10,913,438.34</u>	<u>8,248,679.02</u>

The notes on page 9 to 18 form an integral part of these financial statements.

CRISIL Irevna Information Technology (Hangzhou) Co., Ltd.
BALANCE SHEET (continued)
31 December 2016
(Expressed in Renminbi Yuan)

	Notes	2016	2015
LIABILITIES AND OWNER'S EQUITY			
Current liabilities:			
Payroll payable		1,551,046.42	911,028.17
Taxes payable	7	227,505.42	100,214.72
Other payables		118,500.00	118,500.00
Accrued expenses		69,651.75	55,415.75
Total current liabilities		1,966,703.59	1,185,158.64
Total liabilities		1,966,703.59	1,185,158.64
Owner's equity:			
Paid-in capital	8	2,736,333.00	2,736,333.00
Surplus reserves	9	621,040.18	432,718.74
Retained earnings		5,589,361.57	3,894,468.64
Total owner's equity		8,946,734.75	7,063,520.38
TOTAL LIABILITIES AND OWNER'S EQUITY		10,913,438.34	8,248,679.02

The notes on page 9 to 18 form an integral part of these financial statements.

The financial statements on page 3 to 18 have been signed by:

General Manager:



Finance Manager:



CRISIL Irevna Information Technology (Hangzhou) Co., Ltd.
INCOME AND PROFIT APPROPRIATION STATEMENT
For the Year Ended 31 December 2016
(Expressed in Renminbi Yuan)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Revenue from principal operations	10	18,892,280.61	18,629,134.95
Less: Cost of sales		12,766,422.08	13,218,863.82
Taxes and surcharges		<u>17,999.62</u>	<u>9,692.45</u>
Profit from principal operations		6,107,858.91	5,400,578.68
Less: General and administrative expenses		4,338,335.36	3,692,662.17
Financial expenses	11	<u>(59,471.98)</u>	<u>(30,273.83)</u>
Operating gain		1,828,995.53	1,738,190.34
Add: Non-operating income		<u>737,500.00</u>	<u>290,000.00</u>
Total gain		2,566,495.53	2,028,190.34
Less: Income tax	12	<u>683,281.16</u>	<u>431,233.55</u>
Net gain		1,883,214.37	1,596,956.79
Add: Retained earnings at beginning of year		<u>3,894,468.64</u>	<u>2,457,207.53</u>
Distributable profit		5,777,683.01	4,054,164.32
Less: Appropriation to reserve fund	9	<u>188,321.44</u>	<u>159,695.68</u>
Retained earnings at end of year		<u>5,589,361.57</u>	<u>3,894,468.64</u>

The notes on page 9 to 18 form an integral part of these financial statements.

CRISIL Irevna Information Technology (Hangzhou) Co., Ltd.
STATEMENT OF CASH FLOW
For the Year Ended 31 December 2016
(Expressed in Renminbi Yuan)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from rendering of services		18,467,809.71	18,757,938.42
Cash received from other operating activities		<u>760,322.60</u>	<u>306,054.03</u>
Sub-total of cash inflows		<u>19,228,132.31</u>	<u>19,063,992.45</u>
Cash paid to and on behalf of employees		13,300,445.25	14,136,242.83
Cash paid for all types of taxes		773,990.08	932,597.35
Cash paid for other operating activities		<u>2,640,543.26</u>	<u>2,534,293.13</u>
Sub-total of cash outflows		<u>16,714,978.59</u>	<u>17,603,133.31</u>
Net cash flows from operating activities(1)		<u>2,513,153.72</u>	<u>1,460,859.14</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash paid for acquisition of fixed assets		<u>302,208.86</u>	<u>335,281.38</u>
Sub-total of cash outflows		<u>302,208.86</u>	<u>335,281.38</u>
Net cash flows from investing activities		<u>(302,208.86)</u>	<u>(335,281.38)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net cash flows from financing activities		<u>-</u>	<u>-</u>
EFFECT OF CHANGES IN EXCHANGE RATE ON CASH		<u>38,784.83</u>	<u>31,852.22</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(2)	<u>2,249,729.69</u>	<u>1,157,429.98</u>

The notes on page 9 to 18 form an integral part of these financial statements.

CRISIL Irevna Information Technology (Hangzhou) Co., Ltd.
STATEMENT OF CASH FLOW (continued)
For the Year Ended 31 December 2016
(Expressed in Renminbi Yuan)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Supplementary information to the cash flow statement			
1. Reconciliation of net profit to cash flows from operating activities			
Net profit		1,883,214.37	1,596,956.79
Add: Depreciation of fixed assets		515,341.31	546,472.92
Increase in prepaid expenses		(3,691.18)	(95,617.82)
Increase /(decrease) in accrued expenses		14,236.00	(74,453.63)
Financial expenses		(38,784.83)	(31,852.22)
(Increase)/decrease in operating receivables		(624,470.90)	66,863.42
Increase/(decrease) in operating payables		767,308.95	(547,510.32)
Net cash flows from operating activities		<u>2,513,153.72</u>	<u>1,460,859.14</u>
2. Net increase in cash and cash equivalents			
Cash at end of year	3	7,885,938.08	5,636,208.39
Less: Cash at beginning of year		<u>5,636,208.39</u>	<u>4,478,778.41</u>
Net increase in cash and cash equivalents		<u>2,249,729.69</u>	<u>1,157,429.98</u>

The notes on page 9 to 18 form an integral part of these financial statements.

CRISIL Irevna Information Technology (Hangzhou) Co., Ltd.
STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2016
(Expressed in Renminbi Yuan)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
PAID-IN CAPITAL:			
At beginning and end of the year	8	<u>2,736,333.00</u>	<u>2,736,333.00</u>
SURPLUS RESERVES			
At beginning of the year	9	432,718.74	273,023.06
Additions		188,321.44	159,695.68
Appropriation to reserve fund	9	<u>188,321.44</u>	<u>159,695.68</u>
At end of the year	9	<u>621,040.18</u>	<u>432,718.74</u>
Including: Reserve fund		621,040.18	432,718.74
RETAINED EARNINGS:			
At beginning of the year		3,894,468.64	2,457,207.53
Additions: Net profit for the year		1,883,214.37	1,596,956.79
Less: Appropriation and distribution	9	<u>188,321.44</u>	<u>159,695.68</u>
At end of year		<u>5,589,361.57</u>	<u>3,894,468.64</u>

The notes on page 9 to 18 form an integral part of these financial statements.

CRISIL Irevna Information Technology (Hangzhou) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended 31 December 2016
(Expressed in Renminbi Yuan)

1. Corporate information

CRISIL Irevna Information Technology (Hangzhou) Co., Ltd. (the "Company") was established by Investor CRISIL Limited in Hangzhou China as a wholly foreign-owned enterprise on 30 December 2010 with an operating term of 30 years. The registration number of the Company's business licence is 330100400037853. The registered capital is USD 4,300,000.

The Company's principal activities are financial consultation, corporate management consultation, software development and the Company provides system application management and maintenance, information technology support management, information technology for data processing and provision of business process outsourcing service.

2. Significant accounting policies and estimates

The financial statements have been prepared based on the following accounting policies and estimates, which are in accordance with the Accounting System for Business Enterprises and other related regulations issued by the Ministry of Finance of the People's Republic of China ("PRC").

Accounting system

The Company has adopted the Accounting System for Business Enterprises.

Accounting year

The accounting year of the Company is from 1 January to 31 December of each calendar year.

Reporting currency

The Company's reporting and presentation currency is the Renminbi ("Rmb"). Unless otherwise stated, the unit of the currency is Yuan.

Basis of accounting and measurement basis

The Company's accounts have been prepared on an accrual basis using the historical cost as the basis of measurement. Assets are recorded at cost when they are acquired. Subsequently, if the assets are impaired, impairment provisions are made in accordance with the Accounting System for Business Enterprises.

2. Significant accounting policies and estimates (continued)

Foreign currency transaction

Transactions in currencies other than the reporting currency are translated into the reporting currency at the exchange rates quoted by the People's Bank of China ("the reference rates"), prevailing on the first day of the month in which the transactions take place.

Monetary assets and liabilities denominated in foreign currencies are restated into the reporting currency using the rates of exchange (reference rates) ruling at the balance sheet date. The exchange gains or losses are dealt with in the income statement for the year.

Cash equivalents

Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value and which were within three months of maturity when acquired.

Bad debts provision

Accounts receivable meeting the following criteria are recognised as bad debts:

- the debtor is deceased or has been declared bankrupt and the debts remain not collectible after considering the assets of the bankrupt or the estates of the deceased debtors;
- debts that are long overdue and there is evidence indicating that debts are not collectible or the possibility of collection is remote.

Specific provisions are made to account for bad debt losses on accounts receivable and other receivables. A specific provision refers to an amount that is provided based on management's assessment of the recoverability of an individual receivable.

CRISIL Irevna Information Technology (Hangzhou) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2016
(Expressed in Renminbi Yuan)

2. Significant accounting policies and estimates (continued)

Fixed assets

Fixed assets are tangible assets with high unit costs held by the Company for use in production of goods, supply of services, or for rental and for administrative purposes, and are expected to be used for more than one year.

Fixed assets are recorded at cost when acquired. Depreciation is calculated using the straight-line method. The respective estimated useful lives and depreciation rate of fixed assets are as follows:

<u>Category</u>	<u>Estimated useful life</u>	<u>Estimated residual value (%)</u>	<u>Annual depreciation rate</u>
Electrical equipment	3 years	-	33%
Office equipment	10 years	-	10%
Leasehold improvements	3 years ^[1]	-	33%

[1]: Leasehold Improvements are to be amortized over the lease term or useful life of the assets, whichever is less.

At the end of the accounting year, fixed assets are carried at the lower of book value and recoverable amount. A provision for impairment of fixed assets is made for any difference between the book value and the lower recoverable amount. The recoverable amount of the fixed assets is the greater of the net selling price and the value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Gain or loss arising from fixed assets physical count, disposal, damaged and obsolete fixed assets is accounted for as a non-operating expense or income in the current year.

CRISIL Irevna Information Technology (Hangzhou) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2016
(Expressed in Renminbi Yuan)

2. Significant accounting policies and estimates (continued)

Revenue recognition

Revenue from rendering of services:

When the provision of services is started and completed within the same fiscal year, revenue is recognised at the time of completion. When the provision of services is started and completed in different accounting years and the outcome of the transaction can be estimated reliably, revenue is recognised at the balance sheet date on the percentage of completion basis; when the outcome of a transaction cannot be estimated reliably, revenue is recognised only to the extent of costs incurred that are expected to be recoverable.

Operating leases

Rentals applicable to such operating leases are charged to the income statement based on agreement with lessor.

Income tax

Income tax is accounted for using the tax payable method, whereby the income tax provision is calculated based on the applicable income tax rate and the accounting results for the year after adjusting for items which are non-assessable or disallowed in accordance with the relevant tax laws.

Related parties

Parties are considered to be related if one party has the ability to control, or jointly control another party, or exercise significant influence over the other party in making financial and operating decisions. If two or more parties are subject to control from the same party, they are also regarded as related parties.

3. Cash and bank

	2016	2015
Cash at hand	23.29	16,756.57
Cash at bank	<u>7,885,914.79</u>	<u>5,619,451.82</u>
	<u>7,885,938.08</u>	<u>5,636,208.39</u>

CRISIL Irevna Information Technology (Hangzhou) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2016
(Expressed in Renminbi Yuan)

4. Accounts receivable

	2016	2015
Accounts receivable	1,746,603.31	1,322,132.41
Less: Bad debts provision	-	-
	<u>1,746,603.31</u>	<u>1,322,132.41</u>

Accounts receivable balances were aged within one year. The Company's management was of the view that no impairment provision for accounts receivable is necessary at the balance sheet date.

5. Other receivables

	2016	2015
Other receivables	412,770.12	212,770.12
Less: Bad debts provision	-	-
	<u>412,770.12</u>	<u>212,770.12</u>

The ageing analysis is set out below:

Ageing	2016			2015		
	Balance	%	Bad debts provision	Balance	%	Bad debts provision
Within 1 year	200,000.00	48%	-	61,940.05	29%	-
1-2 years	61,940.05	15%	-	150,830.07	71%	-
2-3 years	<u>150,830.07</u>	37%	-	-	-	-
	<u>412,770.12</u>	100%	-	<u>212,770.12</u>	100%	-

Except for deposit as included in other receivables, all were aged within one year. The Company's management considers that no impairment provision for other receivables is necessary at the balance sheet date.