

## Directors' Report

Your Directors present the Annual Report together with the Audited Statement of Accounts for the year ended on December 31, 2017.

### Financial Results :

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

(Amount in RMB)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Total Income for the year	20,044,342	18,892,281
Profit / (Loss) before depreciation	2,932,584	3,081,837
Depreciation	400,373	515,341
Profit / (Loss) before Tax	2,532,211	2,566,496
Provision for tax	704,472	683,281
Profit / (Loss) After Tax	1,827,739	1,883,215

### Review of Operations :

2017 has been a busy year for China. Impending MIFID regulations forced our clients to relook at their operating model. While Tier 1 investment banking clients saw this an opportunity to increase market share, Tier 2 investment banking clients focused on maintaining coverage while optimizing operations to mitigate financial impact due to falling revenues. Consequently, we saw growth in head count and revenues from existing Tier 1 clients only and saw Tier 2 prospects delay their decision on offshoring from 2017 to 2018.

During the year, witnessed steady improvement in our overall integration levels with all our their clients. Client management visits reinforced the superior integration levels our teams have established with their counterparts.

We started support to one of our marquee clients from China in 2016 and saw that team grow to 11 by the end of 2017. Continuing our franchise efforts, we conducted a workshop on MiFID for a client in Singapore which was well received. The year also saw one of our associates being on boarded into client organisation - a first for China, which is a good testament to our talent practice. We continue to maintain good relationships with local regulators. The Company received a subsidy from the government.

A lot of efforts during the year went into working with local technology companies for Mandarin Add-in for SMART. Results of this would be put to use in 2018.

The company received ISO 27001:2013 recertification.

We completed office expansion adding 30 more seats to our existing tally to cater to growth in 2018 and beyond. Investments made in the sales side in 2016 and 2017 are expected to get us results in 2018. We have submitted multiple proposals to different clients externally.

**Directors :**

Mr. Siddharth Arora, Mr. Amish Mehta and Mr. Pawan Kumar Jain were Directors of the Company as on December 31, 2017.

**Dividend :**

The Board declared final dividend of RMB 2,000,000 for the year ended December 31, 2016.

**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



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Pawan Kumar Jain  
Chairman

Hangzhou, January 22, 2018

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

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**FINANCIAL STATEMENTS AND AUDITORS' REPORT**

The auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

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## AUDITORS' REPORT

GTCNSZ(2018)NO.310FC0024

**TO THE BOARD OF DIRECTORS OF  
CRISIL Irevna Information Technology (Hangzhou) Co., Ltd.**

### **Opinion**

We have audited the financial statement of CRISIL Irevna Information Technology (Hangzhou) Co., Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statement present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with the requirements of both the Accounting Standards for Business Enterprises and the <Accounting System for Business Enterprises>.

### **Basis for Opinion**

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement Section of our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Certified Public Accountant (Ethics Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we fulfilled our other ethical responsibilities in accordance with these requirements and the Ethics Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charge with Governance for the Financial Statement**

Management of the Company is responsible for the preparation and fair presentation of the financial statement in accordance with the requirements of both the Accounting Standards for Business Enterprises and the <Accounting System for Business Enterprises>, and for such internal control as management determines in necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charge with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with China Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, further events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Grant Thornton  
(For identification purpose only)

Certified Public Accountant Wang Hengzhong

Certified Public Accountant Xia Meng

Address: Shanghai, China

22 January 2018



## BALANCE SHEET

[English Translation for Reference Only]

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

Currency: RMB

Items	Notes V	2017.12.31	2016.12.31
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	1	4,040,235.79	7,885,938.08
Financial assets at fair value through profit or loss			
Notes receivable			
Accounts receivable	2	2,777,859.75	1,746,603.31
Prepayments	3	99,393.15	99,309.00
Interest receivable			
Dividends receivable			
Other receivables	4	212,770.12	412,770.12
Inventories			
Including: Raw materials			
Finished goods			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets			
<b>TOTAL CURRENT ASSETS</b>		<b>7,130,258.81</b>	<b>10,144,620.51</b>
<b>NON-CURRENT ASSETS:</b>			
Available-for-sale financial assets			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments			
Investment property			
Fixed assets - Cost	5	3,915,321.56	2,840,953.98
Less: Accumulated depreciation	5	2,526,537.93	2,127,136.15
Fixed assets - Net book value	5	1,388,783.63	713,817.83
Less: Impairment			
Fixed assets - Net carrying value	5	1,388,783.63	713,817.83
Construction in progress			
Materials held for construction of fixed assets			
Fixed assets pending for disposal			
Productive biological assets			
Oil and gas assets			
Intangible assets			
Development costs			
Goodwill			
Long-term deferred expenses			
Deferred tax assets			
Other non-current assets	6	55,000.00	55,000.00
Including: Assets specifically reserved			
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,443,783.63</b>	<b>768,817.83</b>
<b>TOTAL ASSETS</b>		<b>8,574,042.44</b>	<b>10,913,438.34</b>



## BALANCE SHEET (CONTINUED)

[English Translation for Reference Only]

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

Currency: RMB

Items	Notes V	2017.12.31	2016.12.31
<b>CURRENT LIABILITIES:</b>			
Short-term loans			
Financial liabilities at fair value through profit or loss			
Notes payable			
Accounts payable			
Advance from customers			
Salaries and employee benefits payable		1,435,141.53	1,551,046.42
Including: Salaries payable		1,435,141.53	1,551,046.42
Employee welfare payable			
Including: Special reserve for employee and welfare			
Taxes and other fees payable	7	242,308.52	227,505.42
Including: Tax payable		242,308.52	227,505.42
Interest payable			
Dividends payable			
Other payables		122,119.10	188,151.75
Liabilities classified as held for sale			
Non-current liabilities due within one year			
Other current liabilities			
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,799,569.15</b>	<b>1,966,703.59</b>
<b>NON-CURRENT LIABILITIES:</b>			
Long-term loans			
Bonds payable			
Long-term payables			
Long-term employee benefits payable			
Specific accounts payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Including: Fund specifically reserved			
<b>TOTAL NON-CURRENT LIABILITIES</b>			
<b>TOTAL LIABILITIES</b>		<b>1,799,569.15</b>	<b>1,966,703.59</b>
<b>OWNERS' EQUITY:</b>			
Paid-in capital	8	2,736,333.00	2,736,333.00
Capital by State			
Including: Capital by state legal representative			
Capital by collective individuals			
Capital by private capital			
Including: Capital by individuals			
Capital by foreign investors		2,736,333.00	2,736,333.00
Less: Redemption of capital			
Net paid-in capital	8	2,736,333.00	2,736,333.00
Capital reserves			
Less: Treasury stocks			
Other comprehensive income			
Specific reserves			
Surplus reserves	9	803,814.03	621,040.18
Including: Statutory reserves		803,814.03	621,040.18
Discretionary reserves			
Reserved funds			
Enterprise development funds			
Profit to be returned to investors			
Retained earnings ("-" for accumulated losses)	10	3,234,326.26	5,589,361.57
<b>TOTAL OWNERS' EQUITY</b>		<b>6,774,473.29</b>	<b>8,946,734.75</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>8,574,042.44</b>	<b>10,913,438.34</b>

Legal representative: Pawan Kumar Jain    Person in charge of accounting function: Jyothi Sharma    Person in charge of accounting department: Jyothi Sharma




# INCOME STATEMENT

[English Translation for Reference Only]

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

Currency: RMB

Items	Notes V	2017	2016
<b>Total revenue</b>		<b>20,044,342.02</b>	<b>18,892,280.61</b>
Including: Revenue from operations	11	20,044,342.02	18,892,280.61
Including: Revenue from main operations		20,044,342.02	18,892,280.61
Revenue from other operations			
<b>Total cost of sales</b>		<b>18,106,631.35</b>	<b>17,063,285.08</b>
Including: Operating costs	12	12,692,460.41	12,766,422.08
Including: Operating cost from main operations		12,692,460.41	12,766,422.08
Operating cost from other operations			
Tax and surcharges		9,024.50	17,999.62
Selling expenses			
General and administrative expenses		5,390,098.53	4,338,335.36
Including: Research and development costs			
Finance expenses ("-" for income)	13	15,047.91	-59,471.98
Including: Interest expenses			
Interest income		20,794.61	22,822.60
Net foreign exchange losses ("-" for gains)		31,104.85	-39,421.97
Impairment losses			
Others			
Add: Gains from the changes in fair value ("-" for losses)			
Investment income ("-" for losses)			
Including: Share of profits in associates and joint ventures			
<b>PROFIT FROM OPERATIONS ("-" FOR LOSSES)</b>		<b>1,937,710.67</b>	<b>1,828,995.53</b>
Add: Non-operating income	14	594,500.00	737,500.00
Including: Gains from disposal of non-current assets			
Gains from exchange of non-monetary assets			
Government grant			
Gains from debt restructuring			
Less: Non-operating expenses			
Including: Losses from disposal of non-current assets			
Losses from non-monetary exchange of assets			
Losses from debt restructuring			
<b>PROFIT BEFORE TAX ("-" FOR LOSSES)</b>		<b>2,532,210.67</b>	<b>2,566,495.53</b>
Less: Income tax expenses	15	704,472.13	683,281.16
<b>NET PROFIT FOR THE YEAR ("-" FOR LOSSES)</b>		<b>1,827,738.54</b>	<b>1,883,214.37</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,827,738.54</b>	<b>1,883,214.37</b>

Legal representative: Pawan Kumar Jain    Person in charge of accounting function: Jyothi Sharma    Person in charge of accounting department: Jyothi Sharma



## CASH FLOWS STATEMENT

[English Translation for Reference Only]

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

Currency: RMB

Items	Notes VI	2017	2016
<b>Cash Flows from Operating Activities:</b>			
Cash received from sales of goods or rendering of services		19,013,085.58	18,467,809.71
Refunds of taxes			
Other cash received relating to operating activities		815,294.61	760,322.60
<b>Sub-total of cash inflows from operating activities</b>		<b>19,828,380.19</b>	<b>19,228,132.31</b>
Cash paid for goods and services		1,250,740.68	
Cash paid to and on behalf of employees		14,592,641.82	13,300,445.25
Tax payments		706,597.14	773,990.08
Other cash paid relating to operating activities		2,046,663.28	2,640,543.26
<b>Sub-total of cash outflows from operating activities</b>		<b>18,596,642.92</b>	<b>16,714,978.59</b>
<b>Net Cash Flows from Operating Activities</b>	1	<b>1,231,737.27</b>	<b>2,513,153.72</b>
<b>Cash Flows from Investing Activities:</b>			
Cash received from disposal of investments			
Cash received from return on investments			
Cash received from disposal of fixed assets, intangible assets and other long-term assets			
Other cash receipts relating to investing activities			
<b>Sub-total of cash inflows from investing activities</b>			
Cash paid to acquire fixed assets, intangible assets and other long-term assets		1,046,334.71	302,208.86
Cash paid to acquire investment			
Other cash paid relating to investing activities			
<b>Sub-total of cash outflows from investing activities</b>		<b>1,046,334.71</b>	<b>302,208.86</b>
<b>Net Cash Flows used in Investing Activities</b>		<b>-1,046,334.71</b>	<b>-302,208.86</b>
<b>Cash Flows from Financing Activities:</b>			
Cash received from capital contributions			
Cash received from borrowings			
Other cash receipts relating to financing activities			
<b>Sub-total of cash inflows from financing activities</b>			
Repayments of borrowings			
Dividends paid, profit distributed or interest paid		4,000,000.00	
Other cash payments relating to financing activities			
<b>Sub-total of cash outflows from financing activities</b>		<b>4,000,000.00</b>	
<b>Net Cash Flows used in Financing Activities</b>		<b>-4,000,000.00</b>	
<b>Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>		<b>-31,104.85</b>	<b>38,784.83</b>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>	1	<b>-3,845,702.29</b>	<b>2,249,729.69</b>
Add: Cash and cash equivalents at the beginning of the period		7,885,938.08	5,636,208.39
<b>Cash and cash equivalents at the end of the period</b>		<b>4,040,235.79</b>	<b>7,885,938.08</b>

Legal representative: Pawan Kumar Jain    Person in charge of accounting function: Jyothi Sharma    Person in charge of accounting department: Jyothi Sharma





# STATEMENT OF CHANGES IN EQUITY

[English Translation for Reference Only]  
Currency: RMB

	2017							
Items	Paid-in capital	Capital reserves	Less: Treasury stocks	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total Owners' Equity
1. Balance as at the end of last year	2,736,333.00					621,040.18	5,589,361.57	8,946,734.75
Add: Changes in accounting policies								
Corrections of errors in prior periods								
2. Balance at the beginning of the year	2,736,333.00					621,040.18	5,589,361.57	8,946,734.75
3. Movement during the year ("-" for decrease)						182,773.85	-2,355,035.31	-2,172,261.46
3.1 Total comprehensive income							1,827,738.54	1,827,738.54
3.2. Paid-in capital injected by or returned to investors								
a. Paid-in capital injected by investors								
b. Share-based payments charged to equity								
c. Others								
3.3. Appropriations of profits								
a. Appropriations to surplus reserves						182,773.85	-4,182,773.85	-4,000,000.00
Including: Statutory reserves						182,773.85	-182,773.85	
Discretionary reserves						182,773.85	-182,773.85	
Reserved funds								
Enterprise development funds								
Profit to be returned to investors								
b. Appropriations to investors								
c. Others								
3.4. Equity transfer among equity accounts ("-" for decrease)								
a. Capital reserves transferred to paid-in capital								
b. Surplus reserves transferred to paid-in capital								
c. Surplus reserves used to offset losses								
d. Others								
3.5. Specific reserves								
a. Provision in the current period								
b. Utilised in the current period ("-" for utilisation)								
4. Balance at the end of the year	2,736,333.00					803,814.03	3,234,326.26	6,774,473.29

Legal representative: Pawan Kumar Jain    Person in charge of accounting function: Jyothi Sharma    Person in charge of accounting department: Jyotini Sharma



# STATEMENT OF CHANGES IN EQUITY (CONTINUED)

English Translation for Reference Only]  
Currency: RMB

Items	Paid-in capital	Capital reserves	Less: Treasury stocks	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total Owners' Equity
1. Balance as at the end of last year	2,736,333.00					432,718.74	3,894,468.64	7,063,520.38
Add: Changes in accounting policies								
Corrections of errors in prior periods								
2. Balance at the beginning of the year	2,736,333.00					432,718.74	3,894,468.64	7,063,520.38
3. Movement during the year ("-" for decrease)						188,321.44	1,694,892.93	1,883,214.37
3.1. Total comprehensive income							1,883,214.37	1,883,214.37
3.2. Paid-in capital injected by or returned to investors								
a. Paid-in capital injected by investors								
b. Share-based payments charged to equity								
c. Others								
3.3. Appropriations of profits								
a. Appropriations to surplus reserves						188,321.44	-188,321.44	-188,321.44
Including: Statutory reserves						188,321.44	-188,321.44	-188,321.44
Discretionary reserves								
Reserved funds								
Enterprise development funds								
Profit to be returned to investors								
u. Appropriations to investors								
c. Others								
3.4. Equity transfer among equity accounts ("-" for decrease)								
a. Capital reserves transferred to paid-in capital								
b. Surplus reserves transferred to paid-in capital								
c. Surplus reserves used to offset losses								
d. Others								
3.5. Specific reserves								
a. Provision in the current period								
b. Utilised in the current period ("-" for utilisation)								
4. Balance at the end of the year	2,736,333.00					621,040.18	5,589,361.57	8,946,734.75

Legal representative: Pawan Kumar Jain    Person in charge of accounting function: Jyothi Sharma    Person in charge of accounting department: Jyothi Sharma



## I. COMPANY BACKGROUND

CRISIL Irevna Information Technology (Hangzhou) Co., Ltd. ("the Company") is a wholly foreign owned investment enterprise incorporated in Hangzhou, Zhejiang Province of the People's Republic of China ("the PRC") on 30 December 2010 and approved by the People's Government of Zhejiang with Certificate of Approval Shang Wai Zi Zhe Fu Zi Hang Zi [2010] No.07598. The Company obtained its Business License No.330100400037853 for an operating period of 30 years. The registered capital is USD 210,000.

In April 2013, in accordance with board resolution, article amendment and approval of Hang Gao Xin [2013] No.40, the registered capital of the Company was increased to USD 300,000, which has been verified by Zhejiang Tianyu Certified Public Accountants Co., Ltd. with verification report Zhe Tian Yu Yan Wai Zi [2013] No.A0007 on 13 May 2013.

In January 2014, in accordance with board resolution, article amendment and approval of Hang Gao Xin [2013] No.261, the registered capital of the Company was increased to USD 430,000, which has been verified by Zhejiang Zhijiang Certified Public Accountants Co., Ltd. with verification report Zhe Zhi Yan Zi [2014] No.015 on 21 January 2014.

The Company completed registration changing process for Business License Integration on 5 January 2017 and updated its Business License as No.91330108566056126K.

The respective percentages of investment by the investors are as follows:

Investors	Investment %
CRISIL Limited	100.00

The Company's approved scope of business operations includes: financial consulting service, business management consulting service; software research and development; outsourcing services for system applications' management and maintenance; information technology support management, data processing and business process outsourcing services.

## II. BASIS OF PREPARATION

The financial statements are prepared under the Accounting Standards for Business Enterprises and <Accounting System for Business Enterprises> and the relevant supplementary regulations issued by the Ministry of Finance before year 2006 and are prepared on the going concern basis.

The presentation of the financial statements of the Company was in accordance with the notification issued by the Ministry of Finance in 2017 <CaiZi No. [2017]75 - presentation of 2017 financial statements by enterprise>.

## III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES

### 1. Accounting system and accounting standards

The accounting policies adopted by the Company are in accordance with Accounting Standards for Business Enterprises and <Accounting System for Business Enterprises> and the relevant supplementary regulations issued by the Ministry of Finance before year 2006. The presentation of the financial statements of the Company was in accordance with the notification issued by the Ministry of Finance in 2017 <CaiZi No. [2017]75 - presentation of 2017 financial statements by enterprise>.

### 2. Accounting period

The Company's accounting year starts on 1 January and ends on 31 December.

### 3. Recording currency

The recording currency of the Company is Renminbi Yuan ("RMB").

### 4. Basis of accounting and measurement bases

The Company follows the accrual basis of accounting. Assets are initially recorded at actual cost on acquisition and subsequently adjusted for impairment, if any.

### 5. Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are held by the Company and subject to limited risk on changes in value.

**III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (CONTINUED)****6. Foreign currency translation**

Transactions denominated in foreign currencies (currencies other than the recording currency) are translated into Renminbi at the applicable rate of exchange ("market exchange rate") prevailing at the beginning of the month in which the transaction occurs quoted by the People's Bank of China. Monetary assets and liabilities denominated in foreign currencies are translated into Renminbi at the market exchange rate prevailing at the balance sheet date. Exchange gain or loss is dealt with as finance expenses.

**7. Bad debt provision**

The Company uses provision method to account for its potential bad debts identified by management. The Company makes specific bad debts provision on an individual basis for receivables that are distinctively different from any other receivable in recoverability. Specific bad debt provision is made based on management judgment on the likely recoverability of such debts.

Criteria for recognition of bad debts:

(1) Due to bankruptcy or death of the debtors, the balance becomes irrecoverable despite pursuing statutory recovery procedures or offsetting against the estate of the administrators;

(2) The debtors do not perform their liabilities of the overdue debts, and there is strong evidence indicating that these amounts cannot be recovered.

Where evidence exists that balances cannot be recovered, bad debts are recognised after appropriate approval by management and the corresponding provision for bad debts is written off.

**8. Fixed assets and depreciation**

Fixed assets are tangible assets stated at cost upon acquisition with useful economic lives exceeding one year and relatively high unit price. These include electronic equipments, office facilities, and leasehold improvement held by the Company that are used in rendering of services.

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. Depreciation is provided when the fixed assets are ready for their intended use and should cease when they are derecognised as fixed assets. The category of fixed assets, estimated useful lives, estimated residual values expressed as a percentage of cost and annual depreciation rates are as follows (without considering impairment):

Category of fixed assets	Estimated useful life	Estimated residual Value %	Annual rate of depreciation %
Electronic equipments	3 years	-	33.33
Office facilities	3-10 years	-	10.00-33.33
Leasehold improvement	3 years	-	33.33

For fixed assets which are impaired, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful economic lives.

The Company reviews its fixed assets on an individual basis at each period end and provides for impairment losses when the recoverable value of the fixed assets falls below the carrying value due to continuing slump of market value, technical obsolescence, damages or long period idleness.

**9. Revenue recognition**

Revenue from rendering of services

When the total amount of revenue and costs arising from provision of services can be estimated reliably, it is probable that the economic benefits associated with the transaction will flow in and the stage of completion of the services provided can be measured reliably, service revenue is recognised using the percentage of completion method.

**10. Operating leases**

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

**III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (CONTINUED)**

## 11. Accounting for income taxes

The Company accounts for enterprise income taxes using the tax payable method. Tax expense is recognised based on current period taxable income and tax rates after adjusting for items which are non-assessable or non-deductible under the relevant tax laws and regulations.

## 12. Related parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions; or where the Company and the party are subject to common control of the ultimate controlling party.

**IV. TAXATION**

## 1. Main taxes and rates

Category of Taxes	Basis of taxes	Tax rates %
Value added tax (output tax)	Taxable revenue	Exemption
Corporate income tax	Taxable profit	25.00

## 2. Tax incentives and approval documents

In July 2012, the company was qualified by Hangzhou Hi-Tech Industrial Development Zone Foreign Trade Bureau as an enterprise that provides outsourced services for technical knowledge abroad. In accordance with CaiShui [2013] No.106, the enterprise exempts from the value-added tax and related surcharges on the service income received from overseas entities based on the entrusted contracts with overseas entities.

**V. DETAILED NOTES ON MAIN FINANCIAL STATEMENTS ITEMS**

## 1. Cash and cash equivalents

Category	2017.12.31	2016.12.31
Cash in hand	3,992.66	23.29
Cash at bank	4,036,243.13	7,885,914.79
<b>Total</b>	<b>4,040,235.79</b>	<b>7,885,938.08</b>

The above includes foreign currency as follows:

Currency	2017.12.31			2016.12.31		
	Original currency	Exchange rate	Equivalent to RMB	Original currency	Exchange rate	Equivalent to RMB
USD	85,137.87	6.5785	560,079.48	85,094.72	6.9440	590,901.99

At the end of the period the Company has no amount of pledge, freeze or potential no-recovery risks.

## 2. Accounts receivable

Ageing	2017.12.31		2016.12.31	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	2,777,859.75	100.00	1,746,603.31	100.00

At the end of reporting period, there is no objective indication to show any significant provision for decline in the values of accounts receivables.

## 3. Prepayments

Ageing	2017.12.31		2016.12.31	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	99,393.15	100.00	99,309.00	100.00



**V. DETAILED NOTES ON MAIN FINANCIAL STATEMENTS ITEMS (CONTINUED)**

## 4. Other receivables

Ageing	2017.12.31		2016.12.31	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	-	-	200,000.00	48.45
1~2 years	-	-	61,940.05	15.01
2~3 years	61,940.05	29.11	150,830.07	36.54
Over 3 years	150,830.07	70.89	-	-
<b>Total</b>	<b>212,770.12</b>	<b>100.00</b>	<b>412,770.12</b>	<b>100.00</b>

At the end of reporting period, there is no objective indication to show any significant provision for decline in the values of other receivables.

## 5. Fixed assets and accumulated depreciation

## (1) Cost

Category	2017.01.01	Increase	Decrease	2017.12.31
Electronic equipments	1,633,487.70	277,400.00	970.99	1,909,916.71
Office facilities	465,152.42	485,900.00	-	951,052.42
Leasehold improvement	742,313.86	312,038.57	-	1,054,352.43
<b>Total</b>	<b>2,840,953.98</b>	<b>1,075,338.57</b>	<b>970.99</b>	<b>3,915,321.56</b>

RMB 258,373.10 increase in fixed costs are transferred from construction in progress.

## (2) Accumulated depreciation

Category	2017.01.01	Increase	Decrease	2017.12.31
Electronic equipments	1,286,441.36	210,481.75	970.99	1,495,952.12
Office facilities	192,155.05	71,548.82	-	263,703.87
Leasehold improvement	648,539.74	118,342.20	-	766,881.94
<b>Total</b>	<b>2,127,136.15</b>	<b>400,372.77</b>	<b>970.99</b>	<b>2,526,537.93</b>

## (3) Net carrying value

Category	2017.01.01	2017.12.31
Electronic equipments	347,046.34	413,964.59
Office facilities	272,997.37	687,348.55
Leasehold improvement	93,774.12	287,470.49
<b>Total</b>	<b>713,817.83</b>	<b>1,388,783.63</b>

## 6. Other non-current assets

Items	2017.12.31	2016.12.31
Security deposits	55,000.00	55,000.00

## 7. Taxes and other fees payable

Category	2017.12.31	2016.12.31
Corporate income tax	179,207.01	172,118.12
Withholding individual income tax	62,475.28	54,840.70
Other taxes	626.23	546.60
<b>Total</b>	<b>242,308.52</b>	<b>227,505.42</b>

## 8. Paid-in capital

Name	2017.12.31		2016.12.31	
	USD	Equivalent to RMB	USD	Equivalent to RMB
CRISIL Limited	430,000.00	2,736,333.00	430,000.00	2,736,333.00

**V. DETAILED NOTES ON MAIN FINANCIAL STATEMENTS ITEMS (CONTINUED)**

## 9. Surplus reserves

Category	2017.01.01	Increase	Decrease	2017.12.31
Statutory reserves	621,040.18	182,773.85	-	803,814.03

Pursuant to the regulations of foreign invested enterprise of The People's Republic of China and regulations of the Company, after making up for losses carry forward from previous years, the profits should be first allocated to reserve funds, employees' rewards and welfare funds, then it can be distributed to investors. The proportion of allocation for reserve fund should not be less than 10% and if the amount of reserve fund was more than 50% of the registered capital, the Company can opt to cease contributing to the reserve funds. The proportion of allocation for reserve funds, employees' rewards and welfare funds are determined by the board of directors.

## 10. Retained earnings

Category	2017.12.31	2016.12.31
Retained earnings at the begin of the year	5,589,361.57	3,894,468.64
Add: Net profits	1,827,738.54	1,883,214.37
Profit available for distribution	7,417,100.11	5,777,683.01
Less: Appropriation to statutory reserves	182,773.85	188,321.44
Profit distribution to equity owners	4,000,000.00	-
<b>Retained earnings at the end of the year</b>	<b>3,234,326.26</b>	<b>5,589,361.57</b>

According to the board resolution, CNY2,000,000.00 for FY2015 and CNY2,000,000.00 for FY2016 were separately declared as dividend distribution to CRISIL Limited, and have been paid in 2017.

## 11. Revenue from operations

Category	2017	2016
Revenue from rendering of services	20,044,342.02	18,892,280.61

## 12. Operating costs

Category	2017	2016
Cost from rendering of services	12,692,460.41	12,766,422.08

## 13. Finance expenses

Category	2017	2016
Interest income	-20,794.61	-22,822.60
Net foreign exchange losses / gains	31,104.85	-39,421.97
Others	4,737.67	2,772.59
<b>Total</b>	<b>15,047.91</b>	<b>-59,471.98</b>

## 14. Non-operating income

Category	2017	2016
Government grants	594,500.00	737,500.00

**V. DETAILED NOTES ON MAIN FINANCIAL STATEMENTS ITEMS (CONTINUED)**

## 15. Income tax expenses

Category	2017	2016
Income tax expenses for the year	656,226.96	668,796.32
Adjustment in respect of prior year	48,245.17	14,484.84
<b>Total</b>	<b>704,472.13</b>	<b>683,281.16</b>

As stated in Note IV.1, the applicable corporate income tax rate for the Company is 25% and the provision is calculated based on the accounting results for the year after adjusting for items which are non-assessable or non-deductible under the relevant tax laws and regulations.

**VI. CASH FLOWS**

## 1. Cash flow statement supplementary information

Category	2017	2016
<b>(1) Adjustments to reconcile net income to net cash from operating activities:</b>		
Net profits	1,827,738.54	1,883,214.37
Add: Depreciation of fixed assets, oil and gas assets, productive biological assets	400,372.77	515,341.31
Financial expenses ("-" for gains)	31,104.85	-38,784.83
Decrease in operating receivables ("-" for increase)	-831,340.59	-628,162.08
Increase in operating payables ("-" for decrease)	-196,138.30	781,544.95
Net cash flows from operating activities	1,231,737.27	2,513,153.72
<b>(2) Cash and cash equivalents movement:</b>		
Cash at the end of the period	4,040,235.79	7,885,938.08
Less: Cash at the beginning of the period	7,885,938.08	5,636,208.39
Net decrease / increase in cash and cash equivalents	-3,845,702.29	2,249,729.69

## 2. Cash and cash equivalents

Category	2017.12.31	2016.12.31
<b>(1) Cash</b>	<b>4,040,235.79</b>	<b>7,885,938.08</b>
Including: Cash in hand	3,992.66	23.29
Cash at bank available for payment	4,036,243.13	7,885,914.79
<b>(2) Ending balance of cash and cash equivalents</b>	<b>4,040,235.79</b>	<b>7,885,938.08</b>

**VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS**

## 1. Related parties

The following are related parties where a control relationship exists

## A. Name of related parties and relationship with the Company

Name	Relationship
CRISIL Limited	Parent company

## C. Registered capital and change of registered capital of the related parties

Name	2017.01.01	Increase	Decrease	2017.12.31
CRISIL Limited	2,736,333.00	-	-	2,736,333.00

## 2. Related parties transactions

## Rendering of services

Name	2017	2016
CRISIL Limited	20,044,342.02	18,892,280.61

The Company adopts cost plus method to price services that rendering to CRISIL Limited.

**VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)**

## 3. Amounts due from/to related parties

## (1) Accounts receivable

Name	2017.12.31	2016.12.31
CRISIL Limited	2,777,859.75	1,746,603.31

## (2) Other payables

Name	2017.12.31	2016.12.31
CRISIL Limited	-	118,500.00

**VIII. COMMITMENTS**

## 1. Significant commitments

## (1) Operating lease commitment

As of 31 December 2017, the Company has committed to non-cancellable operating leases and the future minimum lease payments are as follows:

Operating lease commitment	2017.12.31	2016.12.31
Less than 1 year	951,175.38	728,262.00
Between 1 and 2 years	822,571.13	761,233.83
Between 2 and 3 years	43,854.79	-
<b>Total</b>	<b>1,817,601.30</b>	<b>1,489,495.83</b>

## (2) Other commitments

As at 31 December 2017, the Company has no significant commitments that needs to be disclosed.

**IX. POST BALANCE SHEET EVENTS**

As at 22 January 2018, the Company has no post balance sheet event that needs to be disclosed.

**X. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements and the accompanying notes to the financial statements have been approved by the Company's board on 22 January 2018.

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

22 January 2018

## TAXABLE INCOME RECONCILIATION

2017

[English Translation for Reference Only]

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

Currency: RMB

Items	Amount
Accounting income for the year	2,532,210.67
Add: Sub total of adjustment for increase tax	92,697.16
The extra spending on business entertainment	7,952.74
Tax overdue fine	100.00
Business insurance for foreign personnel	66,044.42
Expense with no invoice (fapiao)	18,600.00
Taxable income	2,624,907.83

Legal representative: Pawan Kumar Jain Person in charge of accounting function: Jyothi Sharma Person in charge of accounting department: Jyothi Sharma

Note: The adjustments of taxable income referred to above are to be determined by the tax bureau.

