

CRISIL IREVNA US LLC

New York, New York

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2017

CRISIL IREVNA US LLC

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REPORT OF INDEPENDENT AUDITORS

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Board of Directors
CRISIL Irevna US LLC

We have audited the accompanying financial statements of CRISIL Irevna US LLC, which comprise the balance sheet as of December 31, 2017 and the related statement of income and changes in member's equity and cash flows for the year then ended, and the related 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 in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain 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 internal control relevant to the entity's preparation and fair presentation of the 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 referred to above present fairly, in all material respects, the financial position of CRISIL Irevna US LLC as of December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton India LLP

Mumbai, India
January 23, 2018

CRISIL IREVNA US LLC

FINANCIAL STATEMENTS

CRISIL IREVNA US LLC

BALANCE SHEET As of December 31, 2017

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 2,399,433
Accounts receivable, net of allowance for doubtful accounts of \$251,741	
Sundry Debtors \$ 12,527,171	
Other receivables \$ 3,521,400	
	\$ 16,048,571
Prepaid expenses and other current assets	<u>218,220</u>
Total Current Assets	18,666,224
Property and Equipment, net	121,900
Advance Income Tax	266,171
Restricted Cash	86,642
Goodwill	681,902
Deferred Taxes	128,228
Investment, at cost	<u>11,908</u>
TOTAL ASSETS	<u>\$ 19,962,975</u>
LIABILITIES AND MEMBER'S EQUITY	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	\$ 3,251,455
Unearned revenue	219,167
Due to related parties	<u>14,669,014</u>
Total Current Liabilities	18,139,636
Deferred Lease Obligation	<u>27,610</u>
Total Liabilities	18,167,246
MEMBER'S EQUITY	<u>1,795,729</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u>\$ 19,962,975</u>

(The accompanying notes are an integral part of these financial statements.)

CRISIL IREVNA US LLC

STATEMENT OF INCOME For the Year Ended December 31, 2017

REVENUE	\$ 70,077,495
COST OF SALES	<u>52,427,463</u>
Gross Profit	17,650,032
OPERATING COSTS AND EXPENSES	<u>16,671,971</u>
Income from Operations	978,061
OTHER NET EXPENSE & (INCOME)	<u>(44,036)</u>
Income before Provision for Income Taxes	1,022,097
Provision for Income Taxes	<u>456,884</u>
NET INCOME	565,213

STATEMENT OF CHANGE IN MEMBER'S EQUITY For the year ended December 31, 2017

	Share Capital	Retained Earning	Total
As at January 1, 2017	200	1,230,316	1,230,516
Profit for the year		565,213	565,213
As at December 31, 2017	200	1,795,529	1,795,729

(The accompanying notes are an integral part of these financial statements.)

CRISIL IREVNA US LLC

STATEMENT OF CASH FLOWS For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	565,213
Adjustments to reconcile net income to net cash flows from operating activities:	
Deferred lease obligation	(7,285)
Deferred tax expense	(75,228)
Depreciation	59,987
Provision for doubtful debts	143,296
Changes in operating assets and liabilities	
Accounts receivable	(861,009)
Prepaid expenses and other current assets	(109,748)
Accounts payable and accrued liabilities	496,670
Unearned revenue	12,254
Income taxes payable	(364,669)
Due to related party	(482,074)
Net Cash Flows from Operating Activities	<u>(622,593)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures	(75,428)
Restricted Cash	(690)
Proceeds on disposal of property and equipment	-
Net Cash Flows from Investing Activities	<u>(76,118)</u>

Net Change in Cash and Cash Equivalents	(698,711)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,098,144</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>2,399,433</u>

SUPPLEMENTAL DISCLOSURE

Cash paid during the year for income taxes	<u>896,779</u>
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(The accompanying notes are an integral part of these financial statements.)

CRISIL IREVNA US LLC

NOTE 1 - Summary of Significant Accounting Policies

Nature of Operations

CRISIL Irevna US LLC (the "Company") is a wholly-owned subsidiary of CRISIL Irevna UK Limited of the United Kingdom ("Irevna U.K."). The Company is an outsource provider of high-end research and analysis with a focus on serving the global financial services community. The Company is dominated in United States of America (the "US or USA"). The Company's research and processing services are performed by CRISIL Ltd. ("CRISIL"), parent company of Irevna U.K.

The Company provides marketing and customer support services for Coalition Development Limited ("Coalition"), an entity under common control.

Overall Considerations

The accompanying financial statements have been prepared on a going concern basis under the historical cost convention and on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

These financial statement in US Dollars (US \$), which is the functional and reporting currency of the Company.

Share Capital

The Company authorized and issued share capital comprised of single common stock at par value as at December 31, 2017. Every holder of common stock is entitled to one vote. In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company after distribution of all preferred amounts, if any.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of funds maintained in checking accounts at financial institutions.

At year-end and at various times throughout the year, the Company had balances in amounts in excess of federally insured limits on deposit with a bank. The Company has not experienced any losses in such accounts, and management believes that it is not exposed to any significant credit risk on cash and cash equivalents. As at 31st Dec 2017 Company has \$2,399,433 cash and equivalent & \$2,149,433 which is above federal insured limit.

The company entered into a letter of credit of \$86,642. This letter of credit replaces a cash security deposit for one of the Company's lease. This letter of credit is collateralized by \$86,642 of cash reported as restricted cash on the balance sheet.

CRISIL IREVNA US LLC

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The management estimates for allowance for uncollectible amounts, useful life of assets, realization of deferred tax assets and goodwill impairment represents estimates and certain of these particularly sensitive estimates.

Accounts Receivable

In the normal course of business, the Company provides unsecured credit to customers, performs credit evaluations of these customers, and maintains reserves for potential credit losses. In determining the amount of the allowance for doubtful accounts, management considers historical credit losses, the past due status of receivables, payment history, and other customer-specific information. The past due status of a receivable is based on its contractual terms. Expected credit losses are recorded as an allowance for doubtful accounts. Receivables are written off when management determines they are uncollectible.

Amounts included in the financial statements, which relate to recoverable costs and accrued margins, if any, not yet billed on contracts are classified as "Unbilled revenue". Billings on uncompleted contracts in excess of accrued cost and accrued margins, if any, are classified as "Unearned revenue".

Goodwill

Goodwill is not amortized but is reviewed for impairment annually. The Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit (including goodwill) is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. If the fair value of a reporting unit (including goodwill) is less than its carrying amount, then the second step of the test will be performed to measure the amount of the impairment loss, if any. The Company does not calculate the fair value of a reporting unit unless it determines that it is more likely than not that its fair value is less than its carrying amount.

In accordance with ASC 350, "Intangibles — Goodwill and Other", all assets and liabilities of the acquired businesses including goodwill are assigned to reporting units. The evaluation is based upon a comparison of the estimated fair value of the reporting unit to which the goodwill has been assigned with the sum of the carrying value of the assets and liabilities for that reporting unit. The fair value used in this evaluation is estimated based upon discounted future cash flow projections for the reporting unit. These cash flow projections are based upon a number of estimates and assumptions. The Company has tested goodwill for impairment as on December 31, 2017. There are no goodwill impairment recognized during the year ended December 31, 2017.

CRISIL IREVNA US LLC

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Property and Equipment

Property and equipment are stated at cost. Expenditures for repairs and maintenance are expensed when incurred whereas improvements and betterments are capitalized. Depreciation on property and equipment is calculated using the straight-line method over the estimated useful lives of the assets which are as follows:

	<u>Estimated Useful Lives</u>
Office Equipment	3 Years
Furniture and Fixtures	10 Years
Leasehold Improvements	Shorter of estimated useful life or the remaining lease term.

Impairment of Long-Lived Assets

The Company assesses the impairment of long-lived assets whenever events or changes in business circumstances indicate that the carrying value of an asset may not be recoverable. When such events occur, management determines whether there has been impairment by comparing the anticipated undiscounted net future cash flows to the related asset's carrying value. If impairment exists, the asset is written down to its estimated fair value.

Deferred Lease Obligation

Certain lease agreements provide for scheduled rent increases during the term of the lease and periods during which no rent, or a reduced rent, was payable. Rent is expensed on a straight-line basis over the initial lease term. Accordingly, the deferred lease obligation represents the cumulative amount charged to operations under these leases in excess of the amounts paid. This amount has been included as a component of other liabilities on the balance sheet.

Revenue Recognition

Revenue is recognized when the provision of services is complete and there are either no unfulfilled obligations on the Company or any obligations are inconsequential or perfunctory and will not affect the customer's final acceptance of the services including the satisfaction of the following criteria: (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred; (iii) the fee is fixed and determinable; and (iv) collectability is reasonably assured.

Revenues with respect to time and material contracts are recognized as related costs are incurred and services are performed in accordance with the terms of the specific contracts.

CRISIL IREVNA US LLC

NOTE 1 - Summary of Significant Accounting Policies (cont.)

In accordance with ASC 605-45, "Principal Agent Considerations", the Company has accounted for reimbursements received for out of pocket expenses incurred, on a gross basis in the statements of earnings. The Company typically incurs travel related costs that are billed to and reimbursed by customers.

Income Taxes

The Company is registered as an LLC but is treated as a "C" Corporation for federal and state tax purposes and uses the asset and liability method as identified in "*Accounting for Income Taxes*."

The Company applies the asset and liability method of accounting for income taxes as described in ASC 740, "Income Taxes". Under this method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statements' carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards.

Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are recognized to reduce the deferred tax assets to an amount that is more likely than not to be realized. In assessing the likelihood of realization, management considers estimates of future taxable income and the effect of temporary differences.

The Company early adopted the provisions of ASC Topic 740, "*Balance Sheet Classification of Deferred Taxes*", which requires that deferred tax assets and liabilities be classified as non-current on the balance sheet.

Uncertain Tax Positions

The Company follows the provisions of "*Accounting for Uncertainty in Income Taxes*", which prescribes recognition thresholds that must be met before a tax position is recognized in the financial statements and provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Under "*Accounting for Uncertainty in Income Taxes*", an entity may only recognize or continue to recognize tax positions that meet a "more-likely-than-not" threshold. The Company is no longer subject to the United States federal, state and local income tax examinations by tax authorities for years before 2014. The Company has evaluated its tax position for the year ended December 31, 2017, and does not expect a material adjustment.

Foreign Currency Transactions and Translation

Transactions in foreign currencies are translated at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. All foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at year-end are recorded in the statement of income.

CRISIL IREVNA US LLC

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Cost of Sales

Cost of sales comprises cost of research and processing services performed by CRISIL Limited and Coalition Development Limited.

Fair Value of Financial Instruments

The carrying amount of the Company's cash equivalents, accounts payable and accrued expenses and unearned revenue approximated their fair values due to their short maturities. The carrying value of deferred lease obligations approximates fair value based upon the market interest rate available to the Company for debt with similar risk and maturities.

Advertising

Advertising costs are expensed as incurred. Advertising costs charged to operations were \$3,925 for the year ended December 31, 2017 and are included as a component of business promotion expense.

Investment

Investments in companies in which the company has less than a 20% interest are carried at cost. Dividends received from those companies are included in other income.

Stock Compensation Policy

The employees of the Company participate in various stock compensation plans which are operated by CRISIL, based on which the employees of the Company have been granted stock options of CRISIL. The Company accounts for stock compensation in accordance with ASC 718, "Stock Compensation". The Company accounts for the equity-settled options granted to its employees in accordance with ASC 718, "Stock Compensation". ASC 718 addresses the accounting for stock based compensation transactions in which an enterprise receives employee services in exchange for equity instruments of the enterprise or liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments.

Subsequent Events

The Company has evaluated events and transactions that occurred between January 1, 2018 and January 23, 2018, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. No events or transactions were identified during this period that required disclosure or recognition.

CRISIL IREVNA US LLC

NOTE 2 - Property and Equipment

The major categories of property and equipment at December 31, 2017 are summarized as follows:

Office Equipment	\$	211,157
Furniture and Fixtures		28,661
Leasehold Improvements		<u>14,991</u>
		254,809
Less Accumulated Depreciation		<u>132,909</u>
Net Property and Equipment	\$	<u>121,900</u>

Depreciation expense charged to operations for the year ended December 31, 2017 was \$59,987.

CRISIL IREVNA US LLC

NOTE 3 - Commitments and Contingencies

Litigation

The Company evaluates contingencies as per its assessments of probable, reasonably possible and remote, as per ASC 450 "Contingencies".

The Company is party to certain actions, which are routine and incidental to its business. In management's opinion, settlement of these actions will not have a material adverse effect on the Company's combined financial position, liquidity or results of operations.

Operating Leases (Lessee)

The Company leases office space under two non-cancelable operating leases which expire through October 2033. Rent expense charged to operations for office space was \$396,918 for the year ended December 31, 2017.

Approximate minimum future lease payments are as follows for the year ending December 31, 2017:

Not later than one year	\$429,218
Later than one year and not later than five years	\$1,356,949
Later than five years	\$2,609,906
	\$4,396,074

CRISIL IREVNA US LLC

NOTE 4 - Related Party Transactions

Advances to Employees

The Company advanced funds to certain employees during the year ended December 31, 2017. These receivables are included in prepaid expenses and other current assets, are unsecured with repayment terms of typically one year, and are non-interest bearing. At December 31, 2017, the Company has a receivable from employees for these advances of \$10,000.

Due to Related Party

For the year ended December 31, 2017, CRISIL billed the Company \$36,027,738 for research and processing services. The Company owed a total of \$8,601,171 as of December 31, 2017 for these services.

The service fees charged to the Company are calculated according to a Management Service Agreement between the Company and CRISIL. Processing fees are charged at a rate of cost plus a 6% margin on these costs incurred.

The Company has recognized stock compensation expense of \$ 107,080 which has been charged by CRISIL. Further the Company has recognized expense of \$ 695,795 which is billed by CRISIL for sharing their support functions such as Finance, Legal, Administration, Human resource, Technology etc. with the Company.

For the year ended December 31, 2017, Coalition billed the Company \$16,399,725 for research and processing services. The Company owed a total of \$6,067,843 as of December 31, 2017 to Coalition. The service fee charged by Coalition are calculated according to a Management Service Agreement between the Company and Coalition.

Investment

The Company has a five percent ownership interest in CRISIL Irevna Argentina S.A., which was \$11,908 as at December 31, 2017. This investment has been accounted for utilizing the cost method.