

**CRISIL Risk and Infrastructure Solutions Limited**

**18<sup>th</sup> Annual Report**  
**2017**

**Board of Directors:**

Mr. M. B. N. Rao	-	Director
Ms. Martina Cheung	-	Director
Mr. Anupam Kaura	-	Director
Mr. Ravinder Singhania	-	Alternate Director to Ms. Martina Cheung

**Company Secretary:**

Mr. Hires Dhakan

**Auditors:**

Walker Chandiok & Co. LLP,  
Chartered Accountants

**Bankers:**

ICICI Bank Limited  
Indian Overseas Bank  
HDFC Bank Limited  
Andhra Bank

**Registered Office:**

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

## Directors' Report

To the Members,

The Directors are pleased to present the Eighteenth Annual Report of CRISIL Risk and Infrastructure Solutions Limited, along with the audited accounts for the year ended December 31, 2017.

### FINANCIAL SUMMARY

A summary of the Company's financial performance in 2017 is given below:

(Rupees in lakh)

Particulars	Year ended	Year ended
	December 31, 2017	December 31, 2016
Total Income for the year	9,897.55	7,783.39
Profit / (Loss) before depreciation	1,007.24	(30.40)
Depreciation	170.73	119.09
Profit / (Loss) before Tax	836.51	(149.49)
Provision for tax	292.40	15.87
Profit / (Loss) After Tax	544.11	(165.36)

Revenue from operations of your Company for the year was Rs. 98.98 crore, higher than previous year by Rs. 21.14 crore. Overall operational expense for the year was Rs. 90.61 crore, as against Rs. 79.33 crore in the previous year. Profit after Tax for the year at Rs. 5.44 crore, 5.50% of revenue, was higher by Rs.7.10 crore, in the previous year.

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act. The financial statements up to and for the year ended December 31, 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act ('Previous GAAP'). These financial statements are the first financial statements of the Company under Ind AS. In accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the previous presentation of financial statements of share holders total equity as at December 31, 2016 and January 1, 2016 and of the total comprehensive income for the year ended December 31, 2016 of the Company as a part of financial statements under Previous GAAP to Ind AS. There are no material departures from the prescribed norms stipulated by the Accounting Standards in preparation of the Annual Accounts. Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

### REVIEW OF OPERATIONS – 2017

#### CRISIL INFRASTRUCTURE ADVISORY

#### Highlights

- Deepened our presence in Urban/Smart Cities with large multi-year program management mandates
- Highest ever new business booked during the year; strong orderbook
- Hosted the first 'CRISIL India Infrastructure Conclave', which launched the inaugural edition of CRISIL India Infrastructure Yearbook and 'CRISIL InfraInvex' – the country's first investability index.

## **Business environment**

Infrastructure sector remains one of the top-most priorities for the country, and it was heartening to see the government of India giving it the right impetus by launching new programs and schemes like Bharatmala, Sagarmala, UDAN and Saubhagya. The Smart City mission also picked up momentum with a total of 90+ cities being selected under the challenge mechanism till the end of the year. The roads sector showed appreciable progress with significant improvement in the risk profile of ongoing highway projects. The government of India continued to carry the burden, as private sector investments remain muted with the dual challenges of stressed balance sheet of developers and the banking sector hesitant to increase their exposure to the infrastructure sector.

Going forward, it is expected that the government will prioritise implementation of the ongoing programs and schemes on ground. 'Competitive Co-operative federalism' has been promoted by the government which will empower state and cities to have bigger role in decision making. Although the government seems focused on finally resolving the stressed assets and bad loans issue, the return of private sector to the infrastructure sector still seems a few quarters away.

## **Operations**

The business started the year on a good note, with a couple of large multi-year program management mandates in flagship programs of the government – deepening our foray in this defined strategic pursuit area. The momentum continued throughout the year, and the business had a record year in terms of new business booked. This enabled the business to build up a strong order book to deliver in the coming months. Some key wins in the urban reforms and municipal finance area – mainly in the area of implementation support for smart cities, and Value Capture Finance (VCF) potential assessment for 50 cities in India – helped the business in strengthening its leadership position in the area of urban infrastructure advisory.

The business also pursued a strategic agenda of deeper relationships at the state government level, and was successful in making significant inroads in some of the target states like Maharashtra, Andhra Pradesh, Uttar Pradesh and West Bengal. The international business, although still muted, showed some improvement towards the latter part of the year, with mandate wins in some of the target emerging markets like Indonesia, Tanzania and Namibia. The business reported a very robust growth in revenues and margins during this year.

An important strategic initiative this year was to increase franchise and thought leadership. The business successfully launched the inaugural edition of 'CRISIL India Infrastructure Yearbook' – a one-of-its-kind annual publication that provides deep insights into the key infrastructure sectors in India. The business also launched 'CRISIL InfraInvex' – the country's first investability index for the infra sector. These were launched by Shri Amitabh Kant, CEO NITI Aayog, at a high-profile 'CRISIL India Infrastructure Conclave' in New Delhi in October. This conclave, hosted by the business, was attended by nearly 200 senior stakeholders, and received a very good coverage in leading media. In addition, media visibility for the business had a sharp increase with several authored articles (including opinion page pieces) being published in leading business media.

## **CRISIL RISK SOLUTIONS**

## Highlights

- Continued growth momentum in risk advisory services, especially in non-banking space
- Expansion of footprint in South Asia, the Middle East and Africa
- Developed new offering on IFRS/ IndAs109, gaining good traction globally

## Business environment

The business environment in India has been fairly stable over the last 12 months, with continued focus on easing stress in credit quality in the banking industry. Growth in lending has been majority contributed by NBFCs as banks continue to face stress, though going forward, the bank recapitalisation plan proposed by the government could give banks the edge.

Momentum in CRISIL Risk Solutions' rating solution & internal rating models continues, with small banks and NBFCs focusing on their underwriting quality. In spite of increasing awareness for credit monitoring and asset quality, institutions are adopting a cautious approach towards implementing EWS (automated monitoring product).

CRISIL Risk Solutions' risk advisory service business has shown good momentum and continues to be an opportunity to show our deep domain expertise, especially in the credit domain and analytics. In the international market, we have seen good momentum for our new offering around ECL computations catering to IFRS9 regulations. We expect traction to increase in markets including India for financial institutions, in view of the approaching deadline for compliance.

## Operations

The business continued to focus on product initiatives and expanding risk advisory offerings for NBFCs. In the international market, growth was largely driven through CRISIL Risk Solutions' rating solution. The year also saw continued consolidation, with investments in products and efficiencies in implementation. The year also witnessed significant improvement in customer satisfaction, with various customer-centric initiatives. The business took efforts to build outreach in the international market across South Asia, Middle East and Africa for developing a strong pipeline and increased collaboration with S&P Global. We organised webinars on IndAs provisioning and its impact on the lending community, which was well received. In addition, thought leadership articles were published on IFRS 9.

CRISIL Risk Solutions expect to build on the current momentum on offerings, with increased analytical capabilities and expanding footprints in global markets in 2018.

## TRANSFER TO RESERVES

The balance of profits has been retained as surplus in the Profit & Loss Account and nothing has been transferred to reserves during the year.

## DIVIDEND

Your Directors do not recommend any dividend for the year ended December 31, 2017.

## SHAREHOLDING

The Company continues to be a wholly-owned subsidiary of CRISIL Limited. The Company does not have any subsidiary companies, joint ventures or associate companies.

## **MEETINGS OF THE BOARD**

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business.

The notice of Board meeting is given well in advance to all the Directors. Usually, meetings of the Board are held in Mumbai. The Agenda of the Board meetings is circulated at least seven days prior to the date of the meeting. The Agenda for the Board meetings includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision. The Board met four times in financial year 2017 viz., on February 10, April 19, July 17 and October 16, 2017. The gap between Board meetings did not exceed 120 days.

## **COMMITTEES OF THE BOARD**

The Company has constituted Corporate Social Responsibility Committee as required under Section 135 of the Companies Act, 2013.

The broad terms of reference of the Corporate Social Responsibility Committee are:

- Formulate, monitor and recommend to the Board the CSR Policy
- Recommend to the Board, modifications to the CSR policy as and when required
- Recommend to the Board, the amount of expenditure to be incurred on the activities undertaken
- Review the performance of the Company in the area of CSR including the evaluation of the impact of the Company's CSR Activities
- Review the Company's disclosure of CSR matters
- Consider other functions, as defined by the Board, or as may be stipulated under any law, rule or regulation including the listing agreement, and the Companies Act, 2013.

The Committee met once in 2017 - on February 10. The necessary quorum was present for the meeting.

The CSR Policy of the Company and further details about the initiatives taken by the Company on Corporate Social Responsibility during the year under review have been appended as Annexure I to this Report.

## **COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS**

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

## **PARTICULARS OF REMUNERATION**

In accordance with the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of every employee covered under the said rule are set out in the Annexure II to the Director's Report.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors hereby confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- ii. they 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 profits of the Company for that period;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

#### **COMMENTS ON AUDITORS' REPORT**

There are no qualifications, reservations or adverse remarks or disclaimers made by Walker Chandiook & Co. LLP, Statutory Auditors, in their report. The statutory auditors have not reported any incident of fraud in the year under review.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

The Company has not provided any loans and guarantees or made any investments pursuant to Section 186 of the Companies Act, 2013.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1)**

All the contracts or arrangements with related parties as defined under the Companies Act, 2013 are in ordinary course of business and at arms' length basis, and are hence not falling within the purview of section 188(1) of the Act. The details of all the related party transactions are placed before the Board on quarterly basis for its review. The particulars of contracts or arrangements with related parties, as prescribed in Form AOC-2 of the rules prescribed under Chapter IX relating to Accounts of Companies under the Companies Act, 2013 is appended as Annexure III.

#### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

#### **PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars regarding foreign exchange earnings and outgo appear as separate items 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 (Accounts) Rules, 2014 are not applicable.

### **RISK MANAGEMENT POLICY**

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meetings of the Board of Directors of the Company. The Board has approved the Risk Management Policy at its meeting held on October 17, 2014 and believes that there are very minimal elements of risk that threaten the existence of your Company.

### **DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCE CONTROLS**

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors. Significant audit observations and follow up actions thereon are reported to the Board. The Board of Directors reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

### **DETAILS OF SIGNIFICANT AND MATERIAL ORDERS**

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future.

### **DIRECTORS**

In accordance with the Articles of Association of the Company and the provisions of the Companies Act, 2013, Mr. M.B.N Rao retires by rotation and being eligible, seeks re-appointment.

Mr. Rajasekhar Kaza resigned as a Director of the Company with effect from April 19, 2017.

Mr. Anupam Kaura was appointed as an Additional Director of the Company with effect from that date. The Company has received a notice under Section 160 of the Companies Act, 2013, from a member signifying its intention to propose the candidature of Mr. Anupam Kaura for the office of Director.

All Directors of the Company are Non-Executive Directors.

### **DEPOSITS**

The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

### **EXTRACT OF ANNUAL RETURN**

The Extract of Annual Return as provided under Section 92(3) of the Companies Act, 2013 and as prescribed in Form No. MGT-9 of the rules prescribed under Chapter VII relating to Management and Administration under the Companies Act, 2013 is appended as Annexure IV.

### **POLICY AGAINST SEXUAL AND WORKPLACE HARASSMENT**

The Company values the dignity of individuals and strives to provide a safe and respectable work environment to all its employees. The Company is committed to providing an environment, which is free of discrimination, intimidation and abuse. The Company believes that it is the responsibility of the organisation to protect the integrity and dignity of its employees and also to avoid conflicts and disruptions in the work environment due to such cases.

The Company has put in place a 'Policy on redressal of Sexual Harassment' and a 'Policy on redressal of Workplace Harassment' as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act").

As per the policy, any employee may report his / her complaint to the Redressal Committee formed for this purpose or their manager or HR personnel. We affirm that adequate access is provided to any complainant who wished to register a complaint under the policy. During the year, there were no complaints received under the Policy.

### **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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M B N Rao  
Chairman  
(DIN 00287260)

Mumbai, February 12, 2018

## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

### **Introduction:**

CRISIL Risk and Infrastructure Solutions Limited (the “Company” or “CRIS”) has identified Corporate Social Responsibility (CSR) as a strategic tool for sustainable growth. For CRIS, CSR means not only investment of funds for Social Activity but also includes a continuous Integration of Business processes with Social processes.

In March 2013, CRISIL Limited, the holding company of CRIS, set up the CRISIL Foundation to steer its CSR agenda and those of its subsidiary and group companies, by taking into consideration the position of our stakeholders, the spirit of trusteeship and the intention of enhancing social capital. CRIS believes in equitable societies and efficient markets and has always endeavoured to follow these lodestars.

### **The CSR Policy:**

CRIS would carry out the following activities:-

- Financial empowerment of economically and socially underprivileged communities
- Conservation of the environment by focusing on relevant programs in the vicinity of CRISIL and/or CRIS offices so that employees get directly involved in CSR initiatives
- Employee participation in financial literacy / promoting education and environment conservation as well as, allowing employees to undertake projects of their choice, with small budget allocations reviewed by a Management Committee, provided that the projects were also covered under the Schedule VII to the Companies Act, 2013, as amended, from time to time.
- Participation in and conducting of awareness programme for Disaster Management; relief to victims of Natural calamities like earthquake, cyclone, drought & flood situation in India and; to organise and contribute, directly or indirectly i.e. through various agencies, whether government or semi-government or private agencies like Non-Government organisations, for rehabilitation work in disaster affected areas.

To enhance reach and to accelerate the implementation of the CSR Program to a larger set of target population, CRISIL may also partner or work with other Foundations, implementation agencies, NGOs or other intermediaries for deploying the CSR Program.

### **CSR Funding and allocation:**

For achieving its CSR objectives through implementation of meaningful and sustainable CSR programs. CRIS will annually contribute upto 2% of average profits for the last three years towards CSR activities.

CSR contribution for the year will be determined by CRIS management at the beginning of each calendar year based on audited financial statements for the last three years.

Any unspent CSR allocation of a particular year, will be reviewed by the CSR Committee and decision would be taken whether the unspent amount should be carried over to the subsequent year/s. The CSR Committee, while determining the requirement for carry over to next year, will consider various factors like availability of desired projects, utilisation trend, practical aspects of spending the required amount in a particular timeframe and best interests of all the stakeholders

### **Applicability:**

CRIS CSR policy has been prepared in accordance with Section 135 of the Companies Act 2013 (referred to as the Act in this policy) on CSR and in accordance with the CSR rules (hereby referred to as the Rules) notified by the Ministry of Corporate Affairs, Government of India in 2014.

### **Implementation:**

CRIS CSR initiatives will be implemented by the CRIS management and CRISIL Foundation under the guidance of Corporate Social Responsibility Committee (the "Committee") of the Board of Directors (the "Board") of CRIS.

### **Constitution of the CSR Committee:**

The Board has constituted the "CSR Committee" of the Board on April 17, 2014. The Committee shall consist of minimum of three members.

The Board has authority to reconstitute this Committee from time to time.

### **Meetings and Quorum:**

The Committee shall meet at least once a year. Two members present shall form the quorum for the meeting of the Committee.

### **Roles and Responsibilities of the Committees:**

The roles and responsibilities of the Committee shall be the following:-

- Formulate, monitor and recommend to the Board the CSR Policy
- Recommend to the Board, modifications to the CSR policy as and when required
- Recommend to the Board, the amount of expenditure to be incurred on the activities undertaken
- Review the performance of the Company in the area of CSR including the evaluation of the impact of the Company's CSR Activities
- Review the Company's disclosure of CSR matters
- Recommend the deployment strategy for CSR Activities, through partnerships with various agencies, intermediaries and foundations and determine outreach channels, including social media and IT interfaces
- Consider other functions, as defined by the Board, or as may be stipulated under any law, rule or regulation including the listing agreement, and the Companies Act, 2013.

### **Policy Review:**

This policy is framed based on the provisions of the Companies Act 2013 and rules thereunder.

In case of any subsequent changes in the provisions of the Companies Act 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Corporate Social Responsibility Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt

appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.

**Annual Report on Corporate Social Responsibility Activities as prescribed under  
Section 135 of the Companies Act, 2013 and  
Companies (Corporate Social Responsibility Policy) Rules, 2014**

1. **A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:** CRISIL Foundation drives the CSR agenda for CRISIL Risk and Infrastructure Solutions Limited, with the following focus areas – (1) strengthen the financial capabilities of socially and economically underprivileged communities; (2) conserve the environment by focusing on relevant programmes in the vicinity of CRISIL offices so that employees get directly involved in CSR initiatives; (3) Employee participation in financial literacy / promoting education and environment conservation as well as, allowing employees to undertake projects of their choice, with small budget allocations reviewed by a Management Committee, provided that the projects are also covered under the Schedule VII to the Companies Act, 2013, as amended, from time to time; (4) participate and conduct awareness programme for Disaster Management; relief to victims of Natural calamities like earthquake, cyclone, drought & flood situation in India and; (5) organise and contribute, directly or indirectly i.e. through various agencies, whether government or semi-government or private agencies like Non-Government organisations, for rehabilitation work in disaster affected areas. The projects are implemented through two flagship programmes – “Mein Pragati”, which conducts interventions to strengthen the financial capabilities of rural men and women, and small and marginalised farmers; and “CRISIL RE”, which primarily empowers its young and vibrant employee base to drive social outcomes.
  
2. **The Composition of the CSR Committee:** Mr. MBN Rao (Chairman), Ms. Martina Cheung, Mr. Anupam Kaura
  
3. **Average net profit of the Company for last three financial years (2014-2016):** Rs. 3.51 crore.
  
4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) (2014 -2016):** Rs. 0.07 crore.
  
5. **Details of CSR spend during the financial year :**
  - (a) Total amount spent for the financial year: Rs.0.07 Crores
  - (b) Amount unspent, if any: NIL
  - (c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
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SI. No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or programmes (1) Local Area or other (2) Specify the state or district where projects or programmes were undertaken	Amount outlay (Budget) projects or programmes wise  (Rs. crore)	Amount spent on the projects or programmes		Cumulative expenditure up to the reporting period  (Rs. crore)	Amount spent : Directly or Through Implementing Agency*
					Direct expenditure on programmes or projects  (Rs. crore)	Overheads  (Rs. crore)		
1	CRISIL Re	Environmental Conservation - through volunteerism	Bhiwandi, Maharashtra	0.07	0.07	--	0.07	Green Yatra
		<b>TOTAL</b>		0.07	0.07	--	0.07	

**NGO Partner : Green Yatra**

Green Yatra, headquartered in Mumbai, was founded in 2009. A non-profit organization, Green Yatra is dedicated to the protection, conservation and improvement of the environment.

6. In case the Company has failed to spend two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report: Not Applicable as the Company has met the target

7. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Corporate Social Responsibility Committee  
of CRISIL Risk and Infrastructure Solutions Limited

For and on behalf of the Board of Directors of  
CRISIL Risk and Infrastructure Solutions Limited

M B N Rao  
Chairman of the Committee  
DIN : 00287260

Anupam Kaura  
Director  
DIN : 07790067

Mumbai, February 12, 2018

**ANNEXURE II TO THE DIRECTORS' REPORT**

**Statement pursuant to section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the Period ended December 31,2016.**

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Will be placed at the Meeting.

**ANNEXURE III TO THE DIRECTORS' REPORT**

**Form No. AOC - 2**

**[Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013  
and Rule 8(2) of the Companies (Accounts) Rules, 2014]**

**Form for disclosure of particulars of contracts / arrangements entered into by the Company with the related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto**

- 1. Details of Contracts or arrangements or transactions not at arm's length basis: NIL**
- 2. Details of material contracts or arrangements or transactions at arm's length basis: NIL**

On behalf of the Board of Directors

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M B N Rao  
Chairman  
(DIN 00287260)

Mumbai, February 12, 2018

## ANNEXURE IV TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended on December 31, 2017

[Pursuant to section 92(3) and Rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS

i.	CIN	U72100MH2000PLC128108
ii.	Registration Date	04/08/2000
iii.	Name of the Company	CRISIL Risk and Infrastructure Solutions Limited
iv.	Category / Sub-Category of the Company	Public Limited Company
v.	Address of the Registered office and contact details	CRISIL House, Central Avenue Hiranandani Business Park Powai, Mumbai 400 076 Tel. : 022-3342 3000; Fax : 022-3342 3810 CIN : U72100MH2000PLC128108 e-mail: <a href="mailto:hiresh.dhakan@crisil.com">hiresh.dhakan@crisil.com</a>
vi.	Whether listed company Yes / No	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	None

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Financial Management Consulting Services	66190	100%





ers holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	4,99,99,970	4,99,99,970	100 %	-	4,99,99,970	4,99,99,970	100 %	Nil

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share - - holding during
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	

								g the year
1.	CRISIL Limited	4,99,99,900	100.00 %	Nil	4,99,99,900	100.00 %	Nil	Nil
2.	Ramraj Pai (as a nominee of CRISIL Limited)	10	0.00%	Nil	10	0.00%	Nil	Nil
3.	Subodh Kumar Rai (as a nominee of CRISIL Limited)	10	0.00%	Nil	10	0.00%	Nil	Nil
4.	Amish Mehta (as a nominee of CRISIL Limited)	10	0.00%	Nil	10	0.00%	Nil	Nil
5.	Anupam Kaura (as a nominee of CRISIL Limited)	10	0.00%	Nil	10	0.00%	Nil	Nil
6.	Gurpreet Chhatwal (as a nominee of CRISIL Limited)	20	0.00%	Nil	20	0.00%	Nil	Nil
7.	V. Srinivasan (as a nominee of CRISIL Limited)	10	0.00%	Nil	10	0.00%	Nil	Nil
	<b>Total</b>	<b>4,99,99,970</b>	<b>100.00 %</b>	<b>Nil</b>	<b>4,99,99,970</b>	<b>100.00 %</b>	<b>Nil</b>	<b>Nil</b>

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company

<b>1.</b>	<b>CRISIL Limited and its nominees*</b>				
	At the beginning of the year	4,99,99,970	100.00%	4,99,99,970	100.00%
	Date wise increase / decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease  (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year	4,99,99,970	100.00%	4,99,99,970	100.00%

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	The Company is a wholly-owned subsidiary of CRISIL Limited				

**(v) Shareholding of Directors and Key Managerial Personnel**

Sl. No.	For each of the directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
<b>1.</b>	<b>Mr. M. B. N. Rao</b>				
	At the beginning of the year	Nil	0.00%	Nil	0.00%
	Date wise increase / decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year	Nil	0.00%	Nil	0.00%
<b>2.</b>	<b>Mr. Anupam Kaura# (shares held as nominee of CRISIL Limited)</b>				
	At the beginning of the year	Nil	0.00%	Nil	0.00%

	Purchase of 10 equity shares on April 19, 2017	10	0.00%	10	0.00%
	At the end of the year	10	0.00%	10	0.00%
<b>3.</b>	<b>Mr. Rajasekhar Kaza* (shares held as nominee of CRISIL Limited)</b>				
	At the beginning of the year	10	0.00%	10	0.00%
	Transfer of 10 equity shares on April 19, 2017	10	0.00%	Nil	0.00%
	At the end of the year	Nil	0.00%	Nil	0.00%
<b>4.</b>	<b>Ms. Martina Cheung</b>				
	At the beginning of the year	Nil	0.00%	Nil	0.00%
	Date wise increase / decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year	Nil	0.00%	Nil	0.00%
<b>5.</b>	<b>Mr. Ravinder Singhania (Alternate to Ms. Martina Cheung)</b>				
	At the beginning of the year	Nil	0.00%	Nil	0.00%
	Date wise increase / decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year	Nil	0.00%	Nil	0.00%

# Appointed w.e.f. April 19, 2017

\* Resigned w.e.f. April 19, 2017

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

Particulars	Secured Loans excluding deposits (Rs.)	Unsecured Loans (Rs.)	Deposits (Rs.)	Total Indebtedness (Rs.)
<b>Indebtedness at the beginning of the financial year</b>				
<b>i) Principal Amount</b>	Nil	Nil	Nil	Nil
<b>ii) Interest due but not paid</b>	Nil	Nil	Nil	Nil
<b>iii) Interest accrued but not due</b>	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	Nil	Nil	Nil	Nil
<b>Change in Indebtedness during the financial year</b>				

<b>Addition</b>	Nil	Nil	Nil	Nil
<b>Reduction</b>	Nil	Nil	Nil	Nil
<b>Net Change</b>	Nil	Nil	Nil	Nil
<b>Indebtedness at the end of the financial year</b>				
<b>i) Principal Amount</b>	Nil	Nil	Nil	Nil
<b>ii) Interest due but not paid</b>	Nil	Nil	Nil	Nil
<b>iii) Interest accrued but not due</b>	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	Nil	Nil	Nil	Nil

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NOT APPLICABLE

### B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors					Total Amount (Rs.)
1.	Independent Directors	NA					
2.	Other Non-Executive Directors	<b>Mr. M. B. N. Rao</b>	<b>Ms. Martina Cheung</b>	<b>Mr. Anupam Kaura<sup>#</sup></b>	<b>Mr. R. Kaza<sup>*</sup></b>	<b>Mr. Ravinder Singhania</b>	
	Fee for attending board / committee meetings (Rs.)	1,20,000	Nil	Nil	Nil	Nil	1,20,000
	Commission (Rs.)	5,00,000	Nil	Nil	Nil	Nil	5,00,000
	Others, please specify (Rs.)	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total (2) (Rs.)</b>	<b>6,20,000</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>6,20,000</b>
	Overall Ceiling as per the Act (%)	3% of the Net Profits equivalent to Rs. 27 lacs with respect to the ceiling for the Company applicable for the financial year covered by this Report					

<sup>#</sup> Appointed w.e.f. April 19, 2017

<sup>\*</sup> Resigned w.e.f. April 19, 2017

### TOTAL MANAGERIAL REMUNERATION:

Sr. No.	Particulars	Amount
1	Remuneration to Managing Director, Whole-time Directors and/or Manager	<b>N.A.</b>
2	Remuneration to other Directors	6,20,000
	<b>Total Managerial Remuneration (A+B) (Rs.)</b>	<b>6,20,000</b>

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD: NOT APPLICABLE

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NOT APPLICABLE**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A.	Company				
Penalty					
Punishment					
Compounding					
B.	Directors				
Penalty					
Punishment					
Compounding					
C.	Other Officers in Default				
Penalty					
Punishment					
Compounding					

On behalf of the Board of Directors

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M B N Rao  
Chairman  
(DIN 00287260)

Mumbai, February 12, 2018

## **Independent Auditor's Report**

### **To the Members of CRISIL Risk and Infrastructure Solutions Limited**

#### **Report on the Financial Statements**

1. We have audited the accompanying financial statements of CRISIL Risk and Infrastructure Solutions Limited ('the Company'), which comprise the Balance Sheet as at 31 December 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 December 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### **Other Matter**

9. The comparative financial information for the year ended 31 December 2016 and the transition date opening balance sheet as at 1 January 2016 prepared in accordance with Ind AS included in these financial statements, are based on the previously issued statutory financial statements for the year ended 31 December 2016 and 31 December 2015 respectively prepared in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) which were audited by the predecessor auditor whose reports dated 10 February 2017 and 6 February 2016 respectively expressed unmodified opinion on those financial statements, and have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.

### **Report on Other Legal and Regulatory Requirements**

10. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) the financial statements dealt with by this report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act;
- e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2017 from being appointed as a director in terms of Section 164(2) of the Act;
- f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 December 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 12 February 2018 as per Annexure II expressed unmodified opinion;
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company, as detailed in Note 27 to the financial statements, has disclosed the impact of pending litigations on its financial position;
  - ii. the Company, did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

per **Khushroo B. Panthaky**

Partner  
Membership No.: 42423

Place: Mumbai  
Date: 12 February 2018

**Annexure I to the Independent Auditor's Report of even date to the members of CRISIL Risk and Infrastructure Solutions Limited, on the financial statements for the year ended 31 December 2017**

**Annexure I**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets have been physically verified by the management during the year by engaging an outside expert and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to loans given, investments made and guarantees and securities given.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
  - (b) There are no dues in respect of duty of customs, duty of excise and goods and services tax that have not been deposited with the appropriate authorities on account of any dispute. The dues outstanding in respect of income-tax, sales-tax, service-tax, and value added tax on account of any dispute are as follows:

**Annexure I to the Independent Auditor's Report of even date to the members of CRISIL Risk and Infrastructure Solutions Limited, on the financial statements for the year ended 31 December 2017**

**Statement of Disputed Dues**

Name of the statute	Nature of dues	Amount (₹ lacs)	Amount paid under Protest (₹ lacs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	5.33	-	AY 2005-06	Commissioner of Income Tax (Appeals)
		35.68	-	AY 2006-07	Commissioner of Income Tax (Appeals)
		68.85	-	AY 2008-09	Income Tax Appellate Tribunal
		46.83	-	AY 2008-09	High court
		57.94	-	AY 2010-11	Income Tax Appellate Tribunal
		105.87	-	AY 2011-12	Commissioner of Income Tax (Appeals)
		20.93	-	AY 2012-13	Commissioner of Income Tax (Appeals)
		7.19	-	AY 2013-14	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax	86.60	-	FY 2008-09	Assistant of Service Tax Division- III, Mumbai
		2.95	-	FY 2009-10	Commissioner of Central Excise (Appeals)

- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

**Annexure I to the Independent Auditor's Report of even date to the members of CRISIL Risk and Infrastructure Solutions Limited, on the financial statements for the year ended 31 December 2017**

- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid / provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

per **Khushroo B. Panthaky**  
Partner  
Membership No.: 42423

Place: Mumbai  
Date: 12 February 2018

**Annexure II to the Independent Auditor's Report of even date to the members of CRISIL Risk and Infrastructure Solutions Limited on the financial statements for the year ended 31 December 2017**

**Annexure II**

**Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the financial statements of CRISIL Risk and Infrastructure Solutions Limited ('the Company') as at and for the year ended 31 December 2017, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

**Management's Responsibility for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

**Meaning of Internal Financial Controls over Financial Reporting**

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding

**Annexure II to the Independent Auditor's Report of even date to the members of CRISIL Risk and Infrastructure Solutions Limited on the financial statements for the year ended 31 December 2017**

prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 December 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

per **Khushroo B. Panthaky**  
Partner  
Membership No.: 42423

Place: Mumbai  
Date: 12 February 2018

**CRISIL Risk and Infrastructure Solutions Limited**  
**Balance Sheet as at December 31, 2017**

Particulars	Notes	As at December 31, 2017 Rupees in lakhs	As at December 31, 2016 Rupees in lakhs	As at January 1, 2016 Rupees in lakhs
<b>ASSETS</b>				
<b>1. Non-current assets</b>				
(a) Property, plant and equipment	3	106.15	112.30	96.05
(b) Intangible assets	4	86.45	10.24	-
(c) Intangible assets under development		131.91	240.22	247.99
(d) Financial assets				
i. Other financial assets	5	27.53	28.59	48.07
(e) Deferred tax assets (Net)	6	326.36	294.70	250.07
(f) Tax assets	7	1,511.65	1,445.56	1,087.40
(g) Other non current assets	8	0.55	0.69	-
<b>2. Current Assets</b>				
(a) Financial assets				
i. Investments	9	800.46	639.27	1,443.31
ii. Trade receivables	10	3,301.01	1,912.21	2,087.75
iii. Cash and cash equivalents	11	385.64	426.75	550.39
iii. Other bank balances	12	305.10	794.97	543.39
iv. Loans	13	46.94	26.72	52.62
v. Other financial assets	14	2,129.29	1,718.35	1,107.79
(b) Other current assets	15	18.81	56.90	143.70
<b>TOTAL - ASSETS</b>		<b>9,177.85</b>	<b>7,707.47</b>	<b>7,658.53</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1. Equity</b>				
(a) Equity share capital	16	500.00	500.00	500.00
(b) Other equity	17	5,529.04	4,963.86	4,932.69
<b>2. Current liabilities</b>				
(a) Financial liabilities				
i. Trade payables	18	1,229.28	762.94	583.47
ii. Other financial liabilities	19	825.23	518.98	743.11
(b) Other current liabilities	20	636.32	597.53	583.35
(c) Provisions	21	457.98	364.16	315.91
<b>TOTAL - EQUITY AND LIABILITIES</b>		<b>9,177.85</b>	<b>7,707.47</b>	<b>7,658.53</b>
Summary of significant accounting policies	2			

The accompanying notes form an integral part of the financial statements.

This is the Balance Sheet referred to in our audit report of even date

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of  
**CRISIL Risk and Infrastructure Solutions Limited**

Khushroo B. Panthaky  
Partner  
Membership No.: 42423

M.B.N. Rao  
Director  
DIN - 00287260

Martina Cheung  
Director  
DIN -07551069

Hiresh Dhakan  
Company Secretary

Date: February 12, 2018  
Place: Mumbai

Date: February 12, 2018  
Place: Mumbai

**CRISIL Risk and Infrastructure Solutions Limited**  
**Statement of profit and loss for the year ended December 31, 2017**

Particulars	Notes	Year Ended December 31, 2017 Rupees in lakhs	Year Ended December 31, 2016 Rupees in lakhs
<b>INCOME</b>			
Revenue from operations	22	9,793.08	7,610.98
Other income	23	104.47	172.41
<b>TOTAL</b>		<b>9,897.55</b>	<b>7,783.39</b>
<b>EXPENSES</b>			
Employee benefits expenses	24	4,673.92	3,846.51
Other expenses	25	4,216.39	3,967.28
Depreciation and amortisation expenses	3 / 4	170.73	119.09
<b>TOTAL</b>		<b>9,061.04</b>	<b>7,932.88</b>
<b>Profit before tax</b>		836.51	(149.49)
<b>Tax expense</b>			
Current tax	6	325.40	55.14
Deferred tax		(33.00)	(39.27)
<b>Total tax expense</b>		<b>292.40</b>	<b>15.87</b>
<b>Profit after tax for the year</b>		<b>544.11</b>	<b>(165.36)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of the defined benefit plans		21.07	(10.84)
<b>Total comprehensive income for the year</b>		<b>565.18</b>	<b>(176.20)</b>
Earnings per share : Nominal value of Re. 1/ per share			
Basic & Diluted	36	1.09	(0.33)
Summary of significant accounting policies	2		

The accompanying notes form an integral part of the financial statements.

This is the Statement of Profit and Loss referred to in our audit report of even date

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of  
**CRISIL Risk and Infrastructure Solutions Limited**

Khushroo B. Panthaky  
Partner  
Membership No.: 42423

M.B.N. Rao  
Director  
DIN - 00287260

Martina Cheung  
Director  
DIN -07551069

Hiresh Dhakan  
Company Secretary

Date: February 12, 2018  
Place: Mumbai

Date: February 12, 2018  
Place: Mumbai

**CRISIL Risk and Infrastructure Solutions Limited**  
**Cash Flow Statement for the year ended December 31, 2017**

Particulars	Year Ended December 31, 2017 Rupees in lakhs	Year Ended December 31, 2016 Rupees in lakhs
<b>A. Cash Flow from operating activities :</b>		
Profit before tax	836.51	(149.49)
Adjustments for :		
Depreciation	170.73	119.09
Unrealised foreign exchange (gain) / loss	(2.22)	(3.73)
(Profit)/ loss on sale of fixed assets	(2.63)	(7.20)
(Profit) / loss on sale of investments	(45.27)	(73.54)
Unrealised (gain) / loss on current investments	(1.01)	(2.71)
Provision for doubtful debts / bad debts	101.22	209.31
Provision for earnest money deposit	23.02	(3.79)
Interest on deposits	(34.28)	(72.75)
Employee stock option scheme ("ESOS") expense	-	207.37
<b>Operating profit before working capital changes</b>	<b>1,046.07</b>	<b>222.56</b>
<b>Movements in working capital :</b>		
- (Increase)/decrease in trade receivables	(1,493.00)	(33.11)
- (Increase)/decrease in other non current financial assets	(14.45)	6.48
- (Increase)/decrease in other non current assets	21.21	(11.53)
- (Increase)/decrease in other current financial assets	(431.54)	(609.31)
- (Increase)/decrease in loans	(20.22)	25.90
- (Increase)/decrease in other current assets	38.09	86.80
- Increase/(decrease) in trade payables	466.91	181.36
- Increase/(decrease) in provisions	93.82	48.25
- Increase/(decrease) in other current financial liabilities	306.25	(224.13)
- Increase/(decrease) in other current liabilities	38.79	14.18
Cash generated from operations	51.93	(292.55)
- Taxes paid	390.18	418.64
<b>Net cash generated (used in) from operating activities - (A)</b>	<b>(338.25)</b>	<b>(711.19)</b>
<b>B. Cash flow from investing activities :</b>		
Purchase of property, plant and equipment	(240.96)	(146.23)
Movement in intangible assets	108.31	7.77
Proceeds from sale of property, plant and equipment	2.80	7.85
Investments in mutual funds	(2,743.00)	(2,811.44)
Sale proceeds from investments in mutual funds	2,628.12	3,691.71
Proceeds from fixed deposit maturity	(6.64)	15.29
Other bank balances	489.87	(251.58)
Interest on fixed deposits	58.97	72.84
<b>Net cash generated (used in)/from investing activities - (B)</b>	<b>297.47</b>	<b>586.21</b>
<b>C. Cash flow from financing activities :</b>	-	-
<b>Net cash generated from/(used in) financing activities - (C)</b>	-	-
<b>Net Increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(40.78)</b>	<b>(124.98)</b>
Cash and cash equivalents - Opening balance	426.75	550.39
Less: Exchange difference on translation of foreign currency cash and cash equivalent	(0.33)	1.34
Cash and Cash Equivalents - Closing balance	385.64	426.75
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>	<b>(40.78)</b>	<b>(124.98)</b>

**CRISIL Risk and Infrastructure Solutions Limited**  
**Cash Flow Statement for the year ended December 31, 2017**

Components of cash and cash equivalents (Refer note 11)		
With banks on current account	98.37	127.01
Deposits with original maturity of less than three months	287.27	299.74
<b>Total</b>	<b>385.64</b>	<b>426.75</b>

The accompanying notes form an integral part of the Cash flow statement.

For **Walker Chandiook & Co. LLP**  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of  
**CRISIL Risk and Infrastructure Solutions Limited**

Khushroo B. Panthaky  
Partner  
Membership No.: 42423

M.B.N. Rao      Martina Cheung  
Director          Director  
DIN - 00287260    DIN -07551069

Hiresh Dhakan  
Company Secretary

Date: February 12, 2018  
Place: Mumbai

Date: February 12, 2018  
Place: Mumbai

**CRISIL Risk and Infrastructure Solutions Limited**  
**Statement of Changes in Equity for as at December 31, 2017**

**Equity Share Capital** **Rupees in lakhs**

Balance as at January 1, 2017	Changes in equity share capital during the year	Balance as at December 31, 2017
500.00	-	500.00

**Rupees in lakhs**

Balance as at January 1, 2016	Changes in equity share capital during the year	Balance as at December 31, 2016
500.00	-	500.00

**Other Equity** **Rupees in lakhs**

Particulars	Profit and Loss	Items of Other Comprehensive Income (OCI)	Others	Total
	Retained Earnings	Other items of OCI	Other deemed equity	
<b>Balance as at January 1, 2017</b>	<b>4,767.33</b>	<b>(10.84)</b>	<b>207.37</b>	<b>4,963.86</b>
Profit / (Loss) for the year	544.11	-	-	<b>544.11</b>
Movement during the year	-	21.07	-	<b>21.07</b>
<b>Balance as at December 31, 2017</b>	<b>5,311.44</b>	<b>10.23</b>	<b>207.37</b>	<b>5,529.04</b>

**Rupees in lakhs**

Particulars	Profit and Loss	Items of Other Comprehensive	Others	Total
	Retained Earnings	Other items of OCI	Other deemed equity	
<b>Balance as at January 1, 2016</b>	<b>4,932.69</b>	-		<b>4,932.69</b>
Profit / (Loss) for the year	(165.36)	-		<b>(165.36)</b>
Movement during the year	-	(10.84)	207.37	<b>196.53</b>
<b>Balance as at December 31, 2016</b>	<b>4,767.33</b>	<b>(10.84)</b>	<b>207.37</b>	<b>4,963.86</b>

The accompanying notes are an integral part of the financial statements.

This is the statement of changes in equity referred to in our audit report of even date

For **Walker Chandio & Co LLP**  
Chartered Accountants Firm Registration No.:  
001076N/N500013

For and on behalf of the Board of Directors of  
**CRISIL Risk and Infrastructure Solutions Limited**

Khushroo B. Panthaky  
Partner  
Membership No.: 42423

M.B.N. Rao	Martina Cheung	Hiresh Dhakan
Director	Director	Company Secretary
DIN - 00287260	DIN -07551069	

Date: February 12, 2018  
Place: Mumbai

Date: February 12, 2018  
Place: Mumbai

## **CRISIL Risk and Infrastructure Solutions Limited**

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017.

### **1. Corporate information**

CRISIL Infrastructure Advisory is a leading advisor to regulators and governments, multilateral agencies, investors, and large public and private sector firms. CRISIL Risk Solutions provides a comprehensive range of risk management tools, analytics and solutions to financial institutions, banks, and corporates.

CRISIL Risk and Infrastructure Solutions Limited is a public limited company, domiciled in India. The registered office of the Company is located at CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai - 400076.

These financial statements for the year ended December 31, 2017 were approved by the Board of Directors on February 12, 2018.

### **2. Summary of significant accounting policies**

#### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statement up to and for the year ended December 31, 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act ('Previous GAAP'). These financial statements are the first financial statements of the Company under Ind AS, in accordance of Ind AS 101, first-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the previous presentation of financial statements under Previous GAAP to Ind AS of shareholders total equity as at December 31, 2016 and January 1, 2016 and of the total comprehensive income for the year ended December 31, 2016 of the Company in Note 2.22.

#### **Functional and Presentation Currency**

These financial statements are presented in Indian rupees, which is the functional currency of the Company. All financial information is presented in Indian rupees.

#### **2.2 Basis of preparation**

The financial statements have been prepared under the historical cost convention on an accrual basis, except for certain financial instruments which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services on the transaction date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and time between the acquisition of assets for processing and their realization in cash or cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current / non-current classification of assets and liabilities.

#### **2.3 Use of Estimates and Judgments**

The preparation of financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions that affect the reported balances of assets and liabilities (including contingent liabilities) as at the date of the financial statements and the reported income and expenses for the years presented. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Estimates and assumptions are required in particular for:

- **Useful life and residual value of property, plant and equipment (PPE) and intangible assets**

Useful lives of PPE and intangibles assets are based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful lives are different from that prescribed in Schedule II, they are based

## **CRISIL Risk and Infrastructure Solutions Limited**

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017.

on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support. Assumptions also need to be made, whether an asset may be capitalized and which components of the cost of the asset may be capitalized.

- **Revenue Recognition**

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, and the associated costs can be estimated reliably. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

- **Recognition and measurement of defined benefit obligations**

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. As actuarial valuation involves making various assumptions that may be different from the actual development in the future, Key actuarial assumptions include discount rate, trends in salary escalation, attrition and mortality rate. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

- **Valuation of taxes on income**

Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions. Uncertain tax position is with regards to items of expense or transaction that may be challenged by tax authorities. The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under note 2.17

- **Provisions**

Provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement obligations and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation as at the Balance Sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates.

### **2.4 Property, Plant and Equipment & Depreciation**

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Amount capitalized under property, plant and equipment includes purchase price, duties and taxes, other incidental expenses incurred during the construction / installation stage. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant & equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on disposal of an item of property, plant and equipment is recognized in the statement of profit and loss.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

### **2.5 Intangibles**

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises of its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Expenditure on development eligible for capitalization are carried as intangible assets under development where such assets are not yet ready for their intended use.

### **2.6 Depreciation / Amortization**

Based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given below best represent the period over which management expects to use these

## CRISIL Risk and Infrastructure Solutions Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017.

assets. Hence in certain class of assets, the useful lives is different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013. Depreciation is provided on straight line method (SLM) over useful life.

Assets	Estimated Useful Life
Furniture and fixtures	10 Years
Office equipments	3 to 10 Years
Computers	3 Years
Vehicles	3 Years
Software	1 to 3 Years

The estimated useful lives of PPE and intangible assets as well as depreciation and amortization period are reviewed at the end of each financial year and the amortization method is revised to reflect the changed pattern, if any.

Leasehold Improvements are amortized over the lease term or useful life of the asset, whichever is lower, over a period of 1 to 9 years.

### 2.7 Impairment

#### a) **Impairment of non-financial assets**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount in the statement of profit and loss. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) has no impairment loss been recognized for the asset in the prior years. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) net selling price and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Value in use is the present value of an asset calculated by estimating its net future value including the disposal value. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### b) **Impairment of financial assets**

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are measured at amortized cost e.g., loans, deposits, and bank balance.
- b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For all other financial assets, ECL is measured at an amount equal to the twelve month ECL unless there has been a significant increase in credit risk from the initial recognition in which case those are measured at lifetime ECL.

### 2.8 Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

## **CRISIL Risk and Infrastructure Solutions Limited**

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017.

### **2.9 Share Capital**

Ordinary shares are classified as equity.

### **2.10 Fair Value of Financial Instruments**

In determining the fair value of the financial instruments the Company uses variety of methods and assumptions that are based on market conditions and risk existing at each reporting date. The method used to determine the fair value includes discounted cash flow analysis, available quoted market prices and dealer quotes. All method of accessing fair value results in general approximation of value and such value may never actually be realized. For all other financial instruments the carrying amounts approximates fair value due to short term maturity of those instruments.

### **2.11 Financial Instruments**

#### **Initial recognition and measurement**

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

#### **Subsequent measurement**

##### **(i) Financial assets carried at amortized cost**

A financial asset is subsequently measured at amortized cost if it is held with in a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

##### **(ii) Financial assets at fair value through other comprehensive income (FVTOCI)**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

##### **(iii) Financial assets at fair value through profit or loss (FVTPL)**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

##### **(iv) Financial liabilities**

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

### **2.12 Provision, Contingent Liabilities and Contingent Assets:**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance costs.

Contingent liabilities are disclosed in the Notes. Contingent liabilities are disclosed for:

(1) possible obligations which will be confirmed only by future events not wholly within the control of the Company or

## **CRISIL Risk and Infrastructure Solutions Limited**

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017.

(2) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognized in the Financial Statements.

### **2.13 Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

### **2.14 Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

#### **Income from operations**

Income from operations comprises of income from infrastructure advisory and risk management services. Revenue from infrastructure advisory services are recognized in accordance with percentage completion method, percentage of completion is determined based on the project cost incurred to date as a percentage of total estimated project cost required to complete the project. Revenue from risk management services comprises of revenue from sale of software and annual maintenance contracts. Revenue from sale of software licenses are recognized upon delivery of these licenses which constitute transfer of all risks and rewards. Revenue from consultancy services and sale of software which involves customization are recognized over execution period. Revenue from annual maintenance are recognized on a time proportion basis. Provision for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become certain based on the current estimates.

#### **Interest income**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### **Dividend income**

Dividend Income is recognized when the Company's right to receive payment is established by the balance sheet date.

#### **Profit/(loss) on sale of current investment**

Profit/(loss) on sale of investment is accounted when the sale is executed. On disposal of such investments, the difference between the carrying amount and the disposal proceeds, net of expenses, is recognized in the statement of profit and loss.

### **2.15 Retirement and other employee benefits**

#### **Short term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **Defined benefit plans**

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed

## **CRISIL Risk and Infrastructure Solutions Limited**

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017.

by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in the statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in statement of profit and loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### **Defined contribution plans**

Retirement benefits in the form of Provident Fund is a defined contribution plan and is charge to the Statement of Profit and Loss for each period of service rendered by the employees. Excess or short of contribution is recognized as an asset or liability in the financial statement. There are no other obligations other than the contribution payable to the respective authorities.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

## **2.16 Foreign currency transactions**

### **Foreign currency transactions**

Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange prevailing at the balance sheet date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

### **Exchange difference**

Exchange gains and losses arising on settlement of foreign currency denominated monetary assets and liabilities are recognized in the statement of profit and loss.

## **2.17 Taxes on income**

Income tax expense comprises current and deferred tax. It is recognized in statement of profit and loss except to the extent that it relates items recognized directly in equity or in OCI.

### **Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

- a) has a legally enforceable right to set off the recognized amounts; and
- b) Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### **Deferred tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or

## **CRISIL Risk and Infrastructure Solutions Limited**

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017.

substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Company has a legally enforceable right to set off current tax assets against current tax liabilities

### **2.18 Segment reporting policies**

The Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108 Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes.

The analysis of geographical segment is based on the area in which there are major customers of the Company.

### **2.19 Earnings per share**

Earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

### **2.20 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. Cash flow from operating, investing and financing activities are segregated.

### **2.21 Recent accounting pronouncement**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. These amendments are applicable to the Company with effect from January 1, 2018.

#### **Amendment to Ind AS 7, 'Statement of cash flows'**

The amendment to Ind AS 7 requires the entities to provides disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including other changes arising from cash flow and non-cash changes, suggesting inclusion of a reconciliation between the closing balance in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company has evaluated the requirement and determined that it will not have material impact on the financial statements.

### **2.22. Transition to Ind AS**

Exemptions and exceptions availed

The transition as at January 1, 2016 to Ind AS was carried out from previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 - First time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income from Previous GAAP to Ind AS are explained below:

- a) The Company has elected to continue with the carrying value of all its property, plant and equipment measured as per the previous GAAP and use the carrying value as its deemed cost as of the transition date.
- b) On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognized as at January 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

## CRISIL Risk and Infrastructure Solutions Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017.

### Equity Reconciliation

Particulars	Note	As at December 31, 2016 Rupees in lakhs	As at January 1, 2016 Rupees in lakhs
<b>Equity under previous GAAP</b>		<b>5,476.38</b>	<b>5,427.82</b>
Impact on account of measuring investments at fair value	(a)	5.37	2.66
Remeasurement of Revenue - Warranty	(c)	(89.05)	(79.14)
Adjustment for straightlining of lease rentals	(e)	64.98	83.75
Tax adjustments on above, as applicable	(f)	6.18	(2.40)
<b>Equity as per Ind AS</b>		<b>5,463.86</b>	<b>5,432.69</b>
<b>Comprising:</b>			
Paid up equity share capital		500.00	500.00
Other Equity		4,963.86	4,932.69

### Profit Reconciliation

Particulars	Note	Year ended December 31, 2016 Rupees in lakhs
<b>Net profit as per previous GAAP</b>		<b>48.56</b>
Measurement of financial instruments at fair value	(a)	2.71
Remeasurements of net defined benefit liability	(b)	16.20
Remeasurement of Revenue - Warranty	(c)	(9.91)
Share based payments	(d)	(207.37)
Adjustment for straightlining of lease rentals	(e)	(18.77)
Tax adjustments on above, as applicable	(f)	3.22
<b>Net profit before other comprehensive income as per Ind AS</b>		<b>(165.36)</b>
Other Comprehensive Income (net of tax)		(10.84)
<b>Total Comprehensive Income as per Ind AS (After tax)</b>		<b>(176.20)</b>

### Notes to reconciliations between Previous GAAP and Ind AS

**a) Fair valuation of Investments**

Under previous GAAP, current investments were measured at lower of cost or fair value, under Ind AS financial assets other than amortized cost are subsequently measured at fair value.

Investment in mutual funds have been classified as fair value through profit and loss and fair value changes are recognized in the statement of profit and loss. This has resulted in increase in equity by Rs. 5.37 lakhs and Rs. 2.66 lakhs as at December 31, 2016 and January 1, 2016 respectively and increase in total comprehensive income by Rs. 2.71 lakhs for the year ended December 31, 2016.

**b) Employee benefits**

Under Previous GAAP, actuarial gains and losses were recognized in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of net defined benefit liability/ assets which is recognized in other comprehensive income in the respective periods. The amount recognized in OCI for the year ended December 31, 2016 was Rs.16.20 lakhs.

There is no impact on total comprehensive income and total equity for the year ended and as at December 31 2016 and January 1, 2016 respectively.

**c) Re-measurement of Revenue - Warranty**

Under Ind AS, the revenue against warranty contract is recognized over the warranty period, as against earlier accounting policy of recognizing over execution period. This resulted in decrease in total comprehensive income for

## **CRISIL Risk and Infrastructure Solutions Limited**

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017.

the year ended December 31, 2016 by Rs. 9.91 lakhs. Total equity has decreased by Rs. 89.05 lakhs and Rs. 79.14 lakhs as at December 31, 2016 and January 1, 2016 respectively.

**d) Share based payment**

The Company employees have received Employee Stock Option Scheme (ESOS) of CRISIL Limited (parent company). Under the Previous GAAP, the cost of equity - settled employee share-based plan were recognised using the intrinsic value method. Under Ind AS, the cost of equity-settled employee share-based plan is recognised based on the fair value of the options as at the grant date. Consequently, the total comprehensive income for the year ended December 31, 2016 decreased by 207.37 lakhs. There is no impact on total equity as at January 1, 2016 or December 31, 2016.

**e) Adjustment for straight lining of lease rentals**

Under Ind AS, straight-lining of rentals is not required if the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Hence the lease equalization reserve created as per previous GAAP is reversed which resulted in decrease in total comprehensive income for the year ended December 31, 2016 by Rs. 18.77 lakhs. Total equity has increased by Rs. 64.98 lakhs and Rs. 83.75 lakhs as at December 31, 2016 and January 1, 2016 respectively.

**f) Tax adjustments including deferred tax**

Tax impact resulted on account of above adjustments lead to increase and decrease in total equity under Ind AS by Rs. 6.18 lakhs and Rs. 2.40 lakhs as at December 31, 2016 and January 1, 2016 respectively, and increase in total comprehensive income by Rs. 3.22 lakhs for the year ended December 31, 2016.

**g) Reconciliation of statement of cash flow**

There are no material adjustments to the statement of cash flows as reported under previous GAAP.

**2.23** Allocation of overhead expense by holding Company represent amount paid to holding company towards sharing of common costs.

**CRISIL Risk and Infrastructure Solutions Limited**

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017

**3. Property, plant and equipment**

For the year ended December 31, 2017

Rupees in lakhs

Particulars	Carrying Value			Accumulated Depreciation				Net Block	
	As at January 1, 2017	Additions	Deductions	As at December 31, 2017	As at January 1, 2017	For the Year	Deductions	Up to December 31, 2017	As at December 31, 2017
<b>Tangible assets</b>									
Office Equipments	13.03	5.41	0.30	18.14	4.16	5.25	0.13	9.28	8.86
Computers	128.74	33.14	5.96	155.92	49.39	49.90	5.96	93.33	62.59
Vehicles	36.21	26.21	-	62.42	12.13	15.59	-	27.72	34.70
<b>Total tangible assets</b>	<b>177.98</b>	<b>64.76</b>	<b>6.26</b>	<b>236.48</b>	<b>65.68</b>	<b>70.74</b>	<b>6.09</b>	<b>130.33</b>	<b>106.15</b>

For the year ended December 31, 2016

Rupees in lakhs

Particulars	Carrying Value			Accumulated Depreciation				Net Block	
	As at January 1, 2016	Additions	Deductions	As at December 31, 2016	As at January 1, 2016	For the Year	Deductions	Up to December 31, 2016	As at December 31, 2016
<b>Tangible assets</b>									
Office Equipments	5.92	7.88	0.77	13.03	-	4.28	0.12	4.16	8.87
Computers	63.38	65.36	-	128.74	-	49.39	-	49.39	79.35
Vehicles	26.75	9.46	-	36.21	-	12.13	-	12.13	24.08
<b>Total tangible assets</b>	<b>96.05</b>	<b>82.70</b>	<b>0.77</b>	<b>177.98</b>	<b>-</b>	<b>65.80</b>	<b>0.12</b>	<b>65.68</b>	<b>112.30</b>

**4. Intangible Assets**

For the year ended December 31, 2017

Rupees in lakhs

Particulars	Carrying Value			Accumulated Amortization				Net Block	
	As at January 1, 2017	Additions	Deductions	As at December 31, 2017	As at January 1, 2017	For the Year	Deductions	Up to December 31, 2017	As at December 31, 2017
<b>Intangible assets</b>									
Software	63.53	176.20	-	239.73	53.29	99.99	-	153.28	86.45
<b>Total</b>	<b>63.53</b>	<b>176.20</b>	<b>-</b>	<b>239.73</b>	<b>53.29</b>	<b>99.99</b>	<b>-</b>	<b>153.28</b>	<b>86.45</b>

For the year ended December 31, 2016

Rupees in lakhs

Particulars	Carrying Value			Accumulated Amortization				Net Block	
	As at January 1, 2016	Additions	Deductions	As at December 31, 2016	As at January 1, 2016	For the Year	Deductions	Up to December 31, 2016	As at December 31, 2016
<b>Intangible assets</b>									
Software	-	63.53	-	63.53	-	53.29	-	53.29	10.24
<b>Total</b>	<b>-</b>	<b>63.53</b>	<b>-</b>	<b>63.53</b>	<b>-</b>	<b>53.29</b>	<b>-</b>	<b>53.29</b>	<b>10.24</b>

**CRISIL Risk and Infrastructure Solutions Limited**

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017

<b>5. Other financial assets</b>	<b>As at December 31, 2017</b>	<b>As at December 31, 2016</b>	<b>As at January 1, 2016</b>
	<b>Rupees in lakhs</b>	<b>Rupees in lakhs</b>	<b>Rupees in lakhs</b>
<b>Non-current</b>			
<u>Unsecured, considered good, unless otherwise stated</u>			
Earnest money and other deposits	7.50	16.07	4.15
Gratuity (Refer note 32)	-	-	14.61
Accrued interest on fixed deposits	2.88	2.01	3.51
Other bank balances			
– Deposits with original maturity for more than 12 months	17.15	10.51	25.80
(Deposit includes Fixed Deposits with Banks Rs.16.64 (Rs. 0.63 lakhs as at December 31, 2016 and Rs. 18.35 lakhs as on January 1, 2016 ) marked as lien for Guarantees issued by Banks at behalf of the Company (Refer note 27).			
<b>Total</b>	<b>27.53</b>	<b>28.59</b>	<b>48.07</b>

**CRISIL Risk and Infrastructure Solutions Limited**

**Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017**

**6. Deferred tax**

<b>6a. Income tax</b>	<b>Year ended December 31, 2017 Rupees in lakhs</b>	<b>Year ended December 31, 2016 Rupees in lakhs</b>
Current tax	325.40	55.14
Deferred tax	(33.00)	(39.27)
<b>Total income tax expense recognised in current year</b>	<b>292.40</b>	<b>15.87</b>

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

<b>Particulars</b>	<b>Year ended December 31, 2017 Rupees in lakhs</b>	<b>Year ended December 31, 2016 Rupees in lakhs</b>
Profit before tax	836.51	(149.49)
Enacted income tax rate in India	33.07%	33.07%
Computed expected tax expense	276.63	(49.45)
<b>Effect of:</b>		
Expenses that are not deductible in determining taxable profit	-	71.77
Others	15.77	(6.45)
<b>Total income tax expense recognised in the statement of profit and loss</b>	<b>292.40</b>	<b>15.87</b>

The tax year for the company being the year ending March 31, 2018, the tax expense for the year is the aggregate of the provision made for the three months ended March 31, 2018 and the provisions for the nine months upto December 31, 2017. The tax provision for the nine months has been arrived at using effective tax rate for the period April 1, 2017 to March 31, 2018.

The applicable Indian statutory income tax rates fiscal the year ended March 31, 2017 and March 31, 2016 was 33.07% respectively.

**6b. Deferred tax**

The tax effect of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

As at December 31, 2017

**Rupees in lakhs**

<b>Particulars</b>	<b>Opening Balance</b>	<b>Recognised in profit and loss</b>	<b>Recognised in Other Comprehensive income</b>	<b>Closing balance</b>
Deferred tax liability				
On Gains from Mutual Funds	1.78	0.33	-	2.11
<b>Gross deferred tax liability</b>	<b>1.78</b>	<b>0.33</b>	<b>-</b>	<b>2.11</b>
Deferred tax asset				
On provision for compensated absences	107.05	15.31	-	122.36
On provision for bonus and commission	22.25	24.65	-	46.90
On provision for gratuity	-	9.14	(1.34)	7.80
On provision for bad debt	80.08	18.99	-	99.07
On deferred revenue	45.62	(43.65)	-	1.97
On fixed assets	26.79	3.41	-	30.20
On disallowance under section 40(a) and others	14.69	5.48	-	20.17
<b>Gross deferred tax asset</b>	<b>296.48</b>	<b>33.33</b>	<b>(1.34)</b>	<b>328.47</b>
<b>Net deferred tax asset</b>	<b>294.70</b>	<b>33.00</b>	<b>(1.34)</b>	<b>326.36</b>

As at December 31, 2016

**Rupees in lakhs**

<b>Particulars</b>	<b>Opening Balance</b>	<b>Recognised in profit and loss</b>	<b>Recognised in Other Comprehensive income</b>	<b>Closing balance</b>
Deferred tax liability				
On Gains from Other Investments	-	1.78	-	1.78
<b>Gross deferred tax liability</b>	<b>-</b>	<b>1.78</b>	<b>-</b>	<b>1.78</b>
Deferred tax asset				
On provision for compensated absences	83.35	23.70	-	107.05
On provision for bonus and commission	33.68	(11.43)	-	22.25
On provision for gratuity	-	(5.36)	5.36	-
On provision for bad debt	72.21	7.87	-	80.08
On deferred revenue	26.17	19.45	-	45.62
On fixed assets	21.47	5.32	-	26.79
On disallowance under section 40(a) and others	13.19	1.50	-	14.69
<b>Gross deferred tax asset</b>	<b>250.07</b>	<b>41.05</b>	<b>5.36</b>	<b>296.48</b>
<b>Net deferred tax asset</b>	<b>250.07</b>	<b>39.27</b>	<b>5.36</b>	<b>294.70</b>

**CRISIL Risk and Infrastructure Solutions Limited**

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017

<b>7. Tax assets</b>	<b>As at December 31, 2017 Rupees in lakhs</b>	<b>As at December 31, 2016 Rupees in lakhs</b>	<b>As at January 1, 2016 Rupees in lakhs</b>
<u>Non current</u>			
Advance taxes paid ( net of provision for taxation)	1,511.65	1,445.56	1,087.40
<b>Total</b>	<b>1,511.65</b>	<b>1,445.56</b>	<b>1,087.40</b>

<b>8. Other non current assests</b>	<b>As at December 31,2017 Rupees in lakhs</b>	<b>As at December 31,2016 Rupees in lakhs</b>	<b>As at January 1,2016 Rupees in lakhs</b>
<u>Non current assets</u>			
Prepaid Expenses	0.55	0.69	-
<b>Total</b>	<b>0.55</b>	<b>0.69</b>	<b>-</b>

**9. Investments**

<b>Current Investments</b>	<b>As at December 31, 2017</b>		<b>As at December 31, 2016</b>		<b>As at January 1, 2016</b>	
	<b>No. of Units</b>	<b>Rupees in lakhs</b>	<b>No. of Units</b>	<b>Rupees in lakhs</b>	<b>No. of Units</b>	<b>Rupees in lakhs</b>
<b>Investments in Mutual Funds</b>						
<i>(Unquoted investments carried at fair value through profit and loss)(Refer note 26.4)</i>						
Baroda Pioneer Liquid Fund - Plan B Growth	11,563.73	227.10	-	-	-	-
DSP BlackRock Liquidity Fund - Direct Plan - Growth	9,494.23	231.88	-	-	-	-
UTI Liquid Cash Plan Institutional Direct Growth	3,944.87	110.29	-	-	-	-
Sundaram Money Fund - Direct Plan-Growth	642,083.01	231.19	-	-	-	-
Birla Sun Life Floating Rate Fund - Growth - Direct	-	-	137,036.10	270.26	-	-
Kotak Banking & PSU Debt Fund - Direct - Growth	-	-	1,007,273.12	369.01	-	-
Axis Liquid - Direct Plan - Growth	-	-	-	-	29,216.21	481.04
HDFC Liquid Fund - Direct Plan- Growth	-	-	-	-	16,749.10	490.93
Sundaram Money Fund - Direct Plan – Growth	-	-	-	-	1,406,544.38	440.63
TATA Money Market Fund -Direct Plan-Growth	-	-	-	-	1,311.98	30.71
<b>Total Investments in Mutual Funds</b>		<b>800.46</b>		<b>639.27</b>		<b>1,443.31</b>

The market value of quoted investments is equal to the carrying value

**CRISIL Risk and Infrastructure Solutions Limited**

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017

<b>10. Trade receivables</b>	<b>As at December 31, 2017 Rupees in lakhs</b>	<b>As at December 31, 2016 Rupees in lakhs</b>	<b>As at January 1, 2016 Rupees in lakhs</b>
<b>Current</b>			
<u>Unsecured, considered good, unless otherwise stated</u>			
Unsecured, considered good (Refer note 30)	3,301.01	1,912.21	2,087.75
Considered doubtful	238.56	204.14	176.55
Less : Allowance for doubtful trade receivables	(238.56)	(204.14)	(176.55)
<b>Total</b>	<b>3,301.01</b>	<b>1,912.21</b>	<b>2,087.75</b>
<b>11. Cash and cash equivalents</b>	<b>As at December 31, 2017 Rupees in lakhs</b>	<b>As at December 31, 2016 Rupees in lakhs</b>	<b>As at January 1, 2016 Rupees in lakhs</b>
<u>Cash and cash equivalents</u>			
<u>Balances with banks:</u>			
– On current accounts	98.37	127.01	233.50
– Deposits with original maturity of less than three months	287.27	299.74	316.89
(Deposit includes Fixed Deposits with Banks Rs.6.79 lakhs (Rs.29.76 lakhs as on December 31, 2016 & Rs.19.33 lakhs as on 1st January 2016) marked as lien for Guarantees issued by Banks on behalf of the Company. (Refer note 27)			
<b>Total</b>	<b>385.64</b>	<b>426.75</b>	<b>550.39</b>
<b>12. Other bank balances</b>	<b>As at December 31, 2017 Rupees in lakhs</b>	<b>As at December 31, 2016 Rupees in lakhs</b>	<b>As at January 1, 2016 Rupees in lakhs</b>
<u>Deposits more than 3 months</u>			
– Deposits with original maturity within 12 months	305.10	794.97	543.39
(Deposit includes Fixed Deposits with Banks Rs.175.62 lakhs (Rs. 474.81 lakhs as on December 31, 2016 and Rs. 467.71 lakhs as on January 1, 2016) marked as lien for Guarantees issued by Banks on behalf of the Company (Refer note 27)			
<b>Total</b>	<b>305.10</b>	<b>794.97</b>	<b>543.39</b>
<b>13. Loans</b>	<b>As at December 31, 2017 Rupees in lakhs</b>	<b>As at December 31, 2016 Rupees in lakhs</b>	<b>As at January 1, 2016 Rupees in lakhs</b>
<b>Current</b>			
Loans to employees	46.94	26.72	52.62
<b>Total</b>	<b>46.94</b>	<b>26.72</b>	<b>52.62</b>
<b>14. Other Financial Assets</b>	<b>As at December 31, 2017 Rupees in lakhs</b>	<b>As at December 31, 2016 Rupees in lakhs</b>	<b>As at January 1, 2016 Rupees in lakhs</b>
<b>Current</b>			
<u>Unsecured, considered good, unless otherwise stated</u>			
Earnest money and other deposits	121.59	128.22	104.49
Considered doubtful	60.23	38.07	41.86
	181.82	166.29	146.35
Less : Provision for doubtful earnest money and other deposits	(60.23)	(38.07)	(41.86)
	121.59	128.22	104.49
Advances recoverable in cash or kind	161.18	87.78	73.50
Accrued interest on fixed deposits	6.77	32.33	30.92
Accrued Revenue	1,728.57	1,375.43	827.48
Balance with government authorities	111.18	94.59	71.40
<b>Total</b>	<b>2,129.29</b>	<b>1,718.35</b>	<b>1,107.79</b>
<b>15. Other Current Assets</b>	<b>As at December 31, 2017 Rupees in lakhs</b>	<b>As at December 31, 2016 Rupees in lakhs</b>	<b>As at January 1, 2016 Rupees in lakhs</b>
<b>Current</b>			
Gratuity (Refer note 32)	-	4.79	-
Prepaid Expenses	18.81	52.11	143.70
<b>Total</b>	<b>18.81</b>	<b>56.90</b>	<b>143.70</b>

**CRISIL Risk and Infrastructure Solutions Limited**

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017

16. Share capital	As at December 31,2017	As at December 31,2016	As at January 1,2016
	Rupees in lakhs	Rupees in lakhs	Rupees in lakhs
Authorised Capital: 6,00,00,000 Equity Shares of Re. 1 each (6,00,00,000 equity shares of Re.1 each as on December 31, 2016 and 6,00,00,000 equity shares of Re. 1 each as on January 1, 2016)	600.00	600.00	600.00
Issued, Subscribed and Paid Up: 4,99,99,970 Equity Shares (P.Y. 4,99,99,970 equity shares) of Re. 1 each, fully paid-up	500.00	500.00	500.00
<b>Total</b>	<b>500.00</b>	<b>500.00</b>	<b>500.00</b>

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the year**
*Equity shares*

Particulars	As at December 31,2017	
	Rupees in lakhs	Nos.
At the beginning of the year (face value of Re.1/- per share)	500.00	49,999,970
Outstanding at the end of the year	<b>500.00</b>	<b>49,999,970</b>
Particulars	As at December 31,2016	
	Rupees in lakhs	Nos.
At the beginning of the year (face value of Re.1/- per share)	500.00	49,999,970
Outstanding at the end of the year	<b>500.00</b>	<b>49,999,970</b>

**(b) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of Re.1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees in lakhs. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Shares held by holding or their subsidiaries**

Out of equity shares issued by the Company, shares held by its holding company are as below:

Particulars	As at December 31,2017	As at December 31,2016	As at January 1,2016
	Rupees in lakhs	Rupees in lakhs	Rupees in lakhs
49,999,970 Equity Shares of Re. 1 are held by CRISIL Limited, Holding Company (4,99,99,970 equity shares of Re. 1 each as on December 31, 2016 and 4,99,99,970 equity shares of Re. 1 each as on January 1, 2016)	500.00	500.00	500.00

Aggregate number of shares issued for consideration other than cash during the period of 5 years immediately preceding the reporting date is Nil.

**(d) Details of shareholders holding more than 5% shares in the company.**

Name of the shareholder	As at December 31, 2017	
	% holding in the class	Nos.
<u>Equity shares of Re. 1/- each fully paid</u> CRISIL Limited , Holding Compnay	100%	49,999,970

Name of the shareholder	As at December 31, 2016	
	% holding in the class	Nos.
<u>Equity shares of Re. 1/- each fully paid</u> CRISIL Limited , Holding Compnay	100%	49,999,970

Name of the shareholder	As at January 1, 2016	
	% holding in the class	Nos.
<u>Equity shares of Re. 1/- each fully paid</u> CRISIL Limited , Holding Compnay	100%	49,999,970

**(e) Capital Management**
**17. Explanation of reserves:**
**a) Profit & Loss**

The Profit and Loss is accumulated profits for appropriation purposes. It is not an item of other comprehensive income.

**b) Other comprehensive income (OCI)**

Other comprehensive income includes actuarial gains and losses form part of remeasurement of net defined benefit liability/ assets.

**CRISIL Risk and Infrastructure Solutions Limited**

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017

<b>18. Financial Liabilities</b>	<b>As at December 31, 2017 Rupees in lakhs</b>	<b>As at December 31, 2016 Rupees in lakhs</b>	<b>As at January 1, 2016 Rupees in lakhs</b>
<b>Current</b>			
<b>Trade Payables</b>			
Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer note 37)	1,229.28	762.94	583.47
<b>Total</b>	<b>1,229.28</b>	<b>762.94</b>	<b>583.47</b>
<b>19. Other financial liabilities</b>	<b>As at December 31, 2017 Rupees in lakhs</b>	<b>As at December 31, 2016 Rupees in lakhs</b>	<b>As at January 1, 2016 Rupees in lakhs</b>
Statutory liabilities	226.78	188.84	243.02
Employee related payable	598.45	330.14	500.09
<b>Total</b>	<b>825.23</b>	<b>518.98</b>	<b>743.11</b>
<b>20. Other current liabilities</b>	<b>As at December 31, 2017 Rupees in lakhs</b>	<b>As at December 31, 2016 Rupees in lakhs</b>	<b>As at January 1, 2016 Rupees in lakhs</b>
<b>Current</b>			
Unearned revenue	636.32	597.53	583.35
<b>Total</b>	<b>636.32</b>	<b>597.53</b>	<b>583.35</b>
<b>21. Provisions</b>	<b>As at December 31, 2017 Rupees in lakhs</b>	<b>As at December 31, 2016 Rupees in lakhs</b>	<b>As at January 1, 2016 Rupees in lakhs</b>
<b>Current</b>			
<b>For employee benefits</b>			
For gratuity (Refer note 32)	23.59	-	-
For compensated absences	434.39	364.16	315.91
<b>Total</b>	<b>457.98</b>	<b>364.16</b>	<b>315.91</b>
<b>22. Revenue from operations</b>	<b>Year Ended December 31, 2017 Rupees in lakhs</b>	<b>Year Ended December 31, 2016 Rupees in lakhs</b>	
Income from advisory services	6,156.28	4,694.68	
Income from risk management services	3,636.80	2,916.30	
<b>Total</b>	<b>9,793.08</b>	<b>7,610.98</b>	
<b>23. Other income</b>	<b>Year Ended December 31, 2017 Rupees in lakhs</b>	<b>Year Ended December 31, 2016 Rupees in lakhs</b>	
Interest income on fixed deposits	34.28	72.75	
Other operating income	6.69	-	
Gain / Loss on mark to market for current Investment	1.01	2.71	
Net gain on sale of current investments	45.27	73.54	
Foreign exchange gain (net)	-	14.14	
Miscellaneous income	14.59	2.07	
Profit on sale of fixed assets (net)	2.63	7.20	
<b>Total</b>	<b>104.47</b>	<b>172.41</b>	
<b>24. Employee benefits expenses</b>	<b>Year Ended December 31, 2017 Rupees in lakhs</b>	<b>Year Ended December 31, 2016 Rupees in lakhs</b>	
Salaries, wages and bonus	3,819.56	3,052.39	
Share based payment to employees	108.87	207.37	
Contribution to provident and other funds	141.90	120.57	
Contribution to gratuity funds (Refer note 32)	66.24	26.37	
Staff training and welfare expenses	81.60	65.12	
Add : Allocation of overhead expense by holding Company	455.75	374.69	
<b>Total</b>	<b>4,673.92</b>	<b>3,846.51</b>	
<b>25. Other expenses</b>	<b>Year Ended December 31, 2017 Rupees in lakhs</b>	<b>Year Ended December 31, 2016 Rupees in lakhs</b>	
Printing and stationery	34.01	33.75	
Conveyance and travelling	856.19	686.15	
Data subscription	9.20	14.83	
Remuneration to non-whole time directors	6.20	1.00	
Business promotion and advertisement	22.80	3.28	
Foreign exchange loss	47.58	-	
Professional fees	1,975.37	1,945.62	
Professional fees- Associate services	107.46	103.17	
Software purchase & maintenance expenses	37.86	39.10	
Provision for doubtful debt / bad debts	101.22	209.31	
Auditors' remuneration (Refer note 28)	7.30	9.68	
Recruitment expenses	25.56	12.17	
Corporate social responsibility (CSR) expenses (Refer note 35 )	7.16	12.00	
Repairs and maintenance - Buildings	49.17	55.40	
Repairs and maintenance - Others	98.29	109.52	
Electricity	44.50	39.77	
Communication expenses	34.19	33.85	
Insurance	8.68	4.05	
Rent (Refer note 31)	364.33	373.40	
Rates and taxes	0.29	0.41	
Miscellaneous expenses	67.77	57.70	
Add : Allocation of overhead expense by holding Company	311.26	223.12	
<b>Total</b>	<b>4,216.39</b>	<b>3,967.28</b>	

## CRISIL Risk and Infrastructure Solutions Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017.

### 26. Financial Risk Management

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in note 26.4. The main types of risks are market risk, foreign currency exchange rate risk, business and credit risks and liquidity risk. The Company has in place a robust risk management policy with overall governance and oversight from the Board of Directors. Risk assessment is conducted periodically and the Company has a mechanism to identify, assess, mitigate and monitor various risks to key business objectives.

The policies for managing specific risk are summarized below:-

#### 26.1 Market Risk

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market price. Such changes may result from changes in foreign currency exchange rates, credit, liquidity, price and other market changes. The Company's exposure to market risk is mainly due to foreign exchange rates.

##### Foreign currency exchange rate risk

The Company's exposure to market risk includes changes in foreign exchange rates. Most of the Company's transactions are carried out in INR. Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in US dollars (USD), EURO, and Pounds Sterling (GBP).

Following is the currency profile of non-derivative financial assets and financial liabilities:

Particulars	As at December 31, 2017		As at December 31, 2017	
	Foreign Currency in lakhs		Rupees in lakhs	
	Assets	Liabilities	Assets	Liabilities
USD	12.99	1.70	832.38	108.93
GBP	0.02	-	1.38	-
EUR	0.15	-	11.14	-
Others	167.85	-	244.55	-

Particulars	As at December 31, 2016		As at December 31, 2016	
	Foreign Currency in lakhs		Rupees in lakhs	
	Assets	Liabilities	Assets	Liabilities
USD	18.65	4.32	1,266.30	293.38
GBP	1.52	-	127.99	-
EUR	0.76	-	53.83	-
Others	150.91	-	68.60	-

For the year ended December 31, 2017, every 5% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by (+/-) Rs. 49.03 lakhs (+/- 6.70%). For the year ended December 31, 2016, operating margins would increase/decrease by (+/-) Rs. 61.17 lakhs (+/- 19.00%). Exposure to foreign currency exchange rate vary during the year depending upon the volume of overseas transactions. None the less, the analysis above is considered to be representative of the Company's exposure to currency risk.

##### Price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company has adopted disciplined practices including position sizing, diversification, valuation, loss prevention, due diligence, and exit strategies in order to mitigate losses.

The Company is exposed price risk arising mainly from investments in mutual funds recognized at FVTPL. The details of such investment are given under note 9. If the prices had been higher/lower by 5% from the market prices existing as at December 31, 2017, profit for the year ended December 31, 2017 would increase/decrease by Rs. 40.02 lakhs.

## CRISIL Risk and Infrastructure Solutions Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017.

### 26.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. For the Company, liquidity risk arises from obligations on account of financial liabilities - trade payables and other financial liabilities.

#### Liquidity risk management

The Company continues to maintain adequate amount of liquidity/treasury to meet strategic and growth objectives. The Company has ensured a balance between earning adequate returns on liquidity/treasury assets and the need to cover financial and business risks. Company's treasury department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows. The short term treasury position of the Company is given below:

Rupees in lakhs			
Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Investments in mutual funds	800.46	639.27	1,443.31
Trade receivables	3,301.01	1,912.21	2,087.75
Cash and cash equivalents	385.64	426.75	550.39
Other bank balances	305.10	794.97	543.39
Loans	46.94	26.72	52.62
Other financial assets	2,129.29	1,718.35	1,107.79
<b>Total</b>	<b>6,968.44</b>	<b>5,518.27</b>	<b>5,785.25</b>

Financial liabilities maturing within one year:

Rupees in lakhs			
Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Trade payables	1,229.28	762.94	583.47
Others financial liabilities	825.23	518.98	743.11
<b>Total</b>	<b>2,054.51</b>	<b>1,281.92</b>	<b>1,326.58</b>

### 26.3 Business and Credit risks

To address the risk of dependence on a few large clients and a few sectors in the business segments, the Company has actively sought to diversify its client base and industry segments.

Credit risk refers to risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to this risk for receivables from customers.

To manage credit risk, the Company periodically assesses the financial reliability of customers and other counterparties, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. The Company uses a provision margin to compute the expected credit loss allowance for trade receivable. Bank balances are held with only high rated banks. Trade receivables are monitored on periodic basis for any non-recoverability of the dues.

Rupees in lakhs			
Receivables	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
<= 6 months	2,620.06	1,761.67	2,062.11
> 6 months but <= 1 year	919.51	354.68	202.19
> 1 year	-	-	-
<b>Provision for doubtful receivables</b>	<b>(238.56)</b>	<b>(204.14)</b>	<b>(176.55)</b>

**CRISIL Risk and Infrastructure Solutions Limited**

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017

**26.4 Financial Instruments**

The carrying value and fair value of financial instruments by categories as at December 31, 2017 are as follows:

Rupees in lakhs

Particulars	Amortized cost	Financial assets/liabilities at FVTPL		Financial assets/liabilities at FVTOCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
<b>Assets</b>							
<u>Investments</u>							
Mutual funds	-	-	800.46	-	-	800.46	800.46
Cash and cash equivalents	385.64	-	-	-	-	385.64	385.64
Other bank balances	305.10	-	-	-	-	305.10	305.10
Trade receivables	3,301.01	-	-	-	-	3,301.01	3,301.01
Loans	46.94	-	-	-	-	46.94	46.94
Other financial assets	2,156.82	-	-	-	-	2,156.82	2,156.82
<b>Total</b>	<b>6,195.51</b>	-	<b>800.46</b>	-	-	<b>6,995.97</b>	<b>6,995.97</b>
<b>Liabilities</b>							
Trade payables	1,229.28	-	-	-	-	1,229.28	1,229.28
Other financial liabilities	825.23	-	-	-	-	825.23	825.23
<b>Total</b>	<b>2,054.51</b>	-	-	-	-	<b>2,054.51</b>	<b>2,054.51</b>

The carrying value and fair value of financial instruments by categories as at December 31, 2016 are as follows:

Rupees in lakhs

Particulars	Amortized cost	Financial assets/liabilities at FVTPL		Financial assets/liabilities at FVTOCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
<b>Assets</b>							
<u>Investments</u>							
Mutual funds	-	-	639.27	-	-	639.27	639.27
Cash and cash equivalents	426.75	-	-	-	-	426.75	426.75
Other bank balances	794.97	-	-	-	-	794.97	794.97
Trade receivables	1,912.21	-	-	-	-	1,912.21	1,912.21
Loans	26.72	-	-	-	-	26.72	26.72
Other financial assets	1,746.94	-	-	-	-	1,746.94	1,746.94
<b>Total</b>	<b>4,907.59</b>	-	<b>639.27</b>	-	-	<b>5,546.86</b>	<b>5,546.86</b>
<b>Liabilities</b>							
Trade payables	762.94	-	-	-	-	762.94	762.94
Other financial liabilities	518.98	-	-	-	-	518.98	518.98
<b>Total</b>	<b>1,281.92</b>	-	-	-	-	<b>1,281.92</b>	<b>1,281.92</b>

**CRISIL Risk and Infrastructure Solutions Limited**

**Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017**

**Rupees in lakhs**

The carrying value and fair value of financial instruments by categories as at January 1, 2016 are as follows:

Particulars	Amortized cost	Financial assets/liabilities at FVTPL		Financial assets/liabilities at FVTOCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
<b>Assets</b>							
<u>Investments</u>						-	-
Mutual funds	-	-	1,443.31	-	-	1,443.31	1,443.31
Cash and cash equivalents	550.39	-	-	-	-	550.39	550.39
Other bank balances	543.39	-	-	-	-	543.39	543.39
Trade receivables	2,087.75	-	-	-	-	2,087.75	2,087.75
Loans	52.62	-	-	-	-	52.62	52.62
Other financial assets	1,155.86	-	-	-	-	1,155.86	1,155.86
<b>Total</b>	<b>4,390.01</b>	<b>-</b>	<b>1,443.31</b>	<b>-</b>	<b>-</b>	<b>5,833.32</b>	<b>5,833.32</b>
<b>Liabilities</b>							
Trade payables	583.47	-	-	-	-	583.47	583.47
Other financial liabilities	743.11	-	-	-	-	743.11	743.11
<b>Total</b>	<b>1,326.58</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,326.58</b>	<b>1,326.58</b>

**Fair value hierarchy**

For financial reporting purpose, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value as at December 31, 2017, December 31, 2016 and January 1, 2016.

**Rupees in lakhs**

Particulars	As at December 31, 2017			As at December 31, 2016			As at January 1, 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value:									
Investments at FVTPL									
1. Mutual Funds	800.46	-	-	639.27	-	-	1,443.31	-	-

## CRISIL Risk and Infrastructure Solutions Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017.

### 27. Details of contingent liabilities and capital commitments are as under:

Particulars	As at December 31, 2017 Rupees in lakhs	As at December 31, 2016 Rupees in lakhs	As at January 1, 2016 Rupees in lakhs
<b>Contingent Liabilities</b>			
1. Bank Guarantees in the normal course of business	730.70	736.17	505.39
<b>2. Disputed income tax &amp; service tax demand:</b>			
(i) Pending before Appellate authorities in respect of which the Company is in appeal	390.64	391.37	403.79
(ii) Decided in Company's favour by Appellate Authorities and Department is in further appeal Management believes that the ultimate outcome of above matters will not have a material adverse impact on its financial position, results of operations and cash flows. In respect of above matters, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgments pending at various authorities. The Company periodically receives notices and inquiries from income tax authorities related to the Company's operations in the jurisdictions of operations in. The Company has evaluated these notices and inquiries and has concluded that any consequent income tax claims or demands by income tax authorities will not succeed on ultimate resolution.	46.83	46.83	-
	1,168.17	1,174.37	909.18
<b>3. Capital Commitment</b>			
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	1.68	40.81	13.19
<b>Total</b>	<b>1,169.85</b>	<b>1,215.18</b>	<b>922.37</b>

### 28. Auditors Remuneration

Particulars	For the year ended December 31, 2017 Rupees in lakhs	For the year ended December 31, 2016 Rupees in lakhs
Audit fees	5.50	5.70
Tax audit fees	0.50	2.30
<b>In any other matter:</b>		
Certification work	0.90	1.18
Out of pocket expenses	0.40	0.50
<b>Total</b>	<b>7.30</b>	<b>9.68</b>

### 29. Segment reporting

The Company is engaged in the business of providing advisory services. The following table shows the distribution of the Company's total assets by geographical market (secondary segment):

Particulars	Revenue Year ended December 31, 2017 Rupees in lakhs	Revenue Year ended December 31, 2016 Rupees in lakhs	Total Assets As at December 31, 2017 Rupees in lakhs	Total Assets As at December 31, 2016 Rupees in lakhs
India	6,967.71	4,647.85	6,231.09	4,711.23
Europe	112.20	253.10	36.86	148.33
North America	521.15	359.24	261.30	85.63
Asia (Other than India)	845.51	1,533.05	340.15	645.87
Africa	1,260.04	803.71	401.51	376.15
Rest of the world	86.47	14.03	68.93	-
<b>Total</b>	<b>9,793.08</b>	<b>7,610.98</b>	<b>7,339.84</b>	<b>5,967.21</b>

## CRISIL Risk and Infrastructure Solutions Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017.

### 30. List of related parties

Parties	Relationship
<u>Related parties where control exists</u>	
CRISIL Limited	Holding Company
S&P Global Inc.	The Ultimate Holding Company
<u>Other Related parties</u>	
Standard & Poor's , LLC	Fellow Subsidiary
Standard & Poor's Financial Services LLC	Fellow Subsidiary
Standard & Poor's International LLC, USA	Fellow Subsidiary
S&P Global Market Intelligence LLC.	Fellow Subsidiary
S&P Global UK Limited	Fellow Subsidiary
CRISIL Irevna UK Limited	Fellow Subsidiary
CRISIL Irevna USA LLC	Fellow Subsidiary
CRISIL Irevna Poland SP.Zo.o	Fellow Subsidiary
CRISIL Irevna Argentina S .A.	Fellow Subsidiary
CRISIL Irevna Information Technology (Hangzhou) Co.	Fellow Subsidiary
Coalition Development Limited, UK	Fellow Subsidiary
Coalition Development Singapore Pte Limited	Fellow Subsidiary
M.B.N Rao	Independent Director
CRISIL Foundation	Controlled Trust

Name of the related party	Nature of transaction	December 31,	December 31,	January 1, 2016
		2017	2016	Rupees in lakhs
		Rupees in lakhs	Rupees in lakhs	Rupees in lakhs
CRISIL Limited	Professional Services Rendered	10.80	4.48	NA
	Professional fees incurred	17.66	5.08	NA
	Expenses incurred	516.50	486.03	NA
	Share of overhead expenses incurred	767.01	597.81	NA
	Expense recovered	108.18	72.68	NA
	Reimbursement of expense paid - ESOP	108.87	207.37	NA
	Amount payable	225.55	108.99	98.34
	Amount receivable	28.70	11.78	3.36
	Share capital outstanding	500.00	500.00	500.00
Standard & Poor's Financial Services LLC	Professional Services Rendered	-	72.69	NA
	Amount receivable	-	18.34	17.92
Standard and Poor's International, LLC	Professional Service Rendered	7.05	40.88	NA
	Amount Receivable	-	-	3.98
S&P Global UK Limited	Professional fees incurred	110.32	102.48	NA
	Professional Service Rendered	71.38	182.67	NA
	Amount Receivable	15.38	59.76	NA
S&P Global Market Intelligence LLC	Professional Services Rendered	279.39	-	NA
	Amount receivable	139.07	-	NA
M.B.N Rao	Sitting fees and Commission	6.20	1.00	NA
CRISIL Foundation	Donation	7.16	12.00	NA

## CRISIL Risk and Infrastructure Solutions Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017.

### 31. Operating lease

The Company has taken certain office premises on operating lease basis. Some of these agreements have a price escalation clause. Details as regards payments and future commitments are as under:

Particulars	December 31, 2017 Rupees in lakhs	December 31, 2016 Rupees in lakhs
Lease Payment recognised in the statement of profit and loss	364.33	373.40
<u>Future minimum lease payments :</u>		
Not later than one year	1.21	2.02
Later than one year and not later than five years	-	-
<b>Total</b>	<b>1.21</b>	<b>2.02</b>

### 32. Gratuity and other post-employment benefits plans

In accordance with the Payment of Gratuity Act, 1972, CRISIL Risk and Infrastructure Solutions Limited provides for gratuity, a defined benefit retirement plan covering eligible employees (completed continuous services of five years or more) of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment at fifteen days salary of an amount based on the respective employee's salary and tenure of employment with the Company.

The following tables summaries the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the balance sheet for the respective plans.

#### Statement of Profit and Loss:

Net employee benefit expense (recognized in Personnel expenses)

Particulars	December 31, 2017 Rupees in lakhs	December 31, 2016 Rupees in lakhs
Current service cost	31.97	27.40
Expected return on plan assets	(1.01)	(1.03)
Past service cost	35.28	-
<b>Net gratuity benefit expense</b>	<b>66.24</b>	<b>26.37</b>
<b>Assumptions</b>		
Interest rate	7.20%	8.00%
Salary increase	10% for First 4 years starting 2017 7% thereafter	10% for First 4 years starting 2016 7% thereafter

Balance Sheet:

Details of provision for gratuity benefit

Particulars	December 31, 2017 Rupees in lakhs	December 31, 2016 Rupees in lakhs	January 1, 2016 Rupees in lakhs
Present value of funded obligations	272.04	223.96	175.41
Fair value of plan assets	(248.45)	(228.75)	(190.02)
<b>Net liability / (asset)</b>	<b>23.59</b>	<b>(4.79)</b>	<b>(14.61)</b>

## CRISIL Risk and Infrastructure Solutions Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017.

Changes in the present value of the defined benefit obligation are as follows:

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rupees in lakhs	Rupees in lakhs
Opening defined benefit obligation	223.96	175.41
Current service cost	31.97	27.40
Interest cost	13.56	13.27
Past Service Cost - Plan amendments	35.28	-
Acquisitions (credit)/ cost	18.40	-
Actuarial (gain)/loss - Experience	(10.89)	(6.62)
Actuarial (gain)/loss (financial assumptions)	(9.58)	23.05
Benefits paid	(30.66)	(8.55)
<b>Closing defined benefit obligation</b>	<b>272.04</b>	<b>223.96</b>

Change in fair value of plan assets are as follows:

Particulars	As at	As at
	December 31, 2017	December 31, 2016
	Rupees in lakhs	Rupees in lakhs
Opening fair value of plan assets	228.75	190.02
Expected return on plan assets	14.57	15.43
Actuarial gain/ (loss)	-	-
Contribution by employer	33.87	31.61
Return on plan assets greater/(lesser) than discount rate	1.92	0.23
Benefits paid	(30.66)	(8.55)
<b>Closing fair value of plan assets</b>	<b>248.45</b>	<b>228.75</b>

The defined benefit obligation shall mature after December 31, 2017 as follows.

Particulars	Rupees in lakhs
December 31, 2018	24.23
December 31, 2019	28.36
December 31, 2020	34.89
December 31, 2021	39.62
December 31, 2022	45.63
December 31, 2023 to December 31, 2027	266.38

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Year Ended	Year Ended
	December 31, 2017	December 31, 2016
Investment with insurer	100%	100%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity for the Company's plans is as below:

## CRISIL Risk and Infrastructure Solutions Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017.

Particulars	Year Ended December 31, 2017	Year Ended December 31, 2016
Discount rate	7.20%	6.50%
Estimated rate of return on plan assets	8.00%	8.00%
Expected employee turnover		
<b>Service years</b>	<b>Rates</b>	<b>Rates</b>
Service < 5	20.00%	20.00%
Service => 5	10.00%	10.00%
Expected employer's contribution next year ( Rs. In lakhs)	13.57	35.00

Broad category of plan assets as per percentage of total plan assets of the Gratuity

Particulars	Year Ended December 31, 2017	Year Ended December 31, 2016
Government securities	63.66%	55.64%
Fixed deposit, debentures and bond	28.02%	35.08%
Others	8.31%	9.28%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

The actuarial assumptions for the determination of defined benefit obligations are discount rate and salary escalation rate. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, holding all other assumptions constant.

Discount rate	Rupees in lakhs
Effect on DBO due to 0.5% increase in Discount rate	(9.70)
Effect on DBO due to 0.5% decrease in Discount rate	10.34

Salary escalation rate	Rupees in lakhs
Effect on DBO due to 0.5% increase in Salary escalation rate	8.80
Effect on DBO due to 0.5% decrease in Salary escalation rate	(8.69)

### 33. Other Benefits

The Company has recognized the following amounts in the Statement of Profit and Loss:

Particulars	Year Ended December 31, 2017 Rupees in lakhs	Year Ended December 31, 2016 Rupees in lakhs
Contribution to Provident fund	138.50	117.17

### 34. Intangible assets

Personnel expenses to the extent of Rs. 28.08 lakhs (P.Y. Rs. 4.96 lakhs) is considered for capitalization as Intangible assets.

### 35. Corporate Social Responsibility

Corporate Social Responsibility (CSR) expenses for the year ended December 31, 2017 Rs. 7.15 lakhs (Rs. 12 lakhs for the year ended December 31, 2016) includes spend on various CSR schemes as prescribed under Section 135 of the Companies Act, 2013. The CSR amount based on limits prescribed under the Companies Act, 2013 for the year was Rs. 7 lakhs (Rs 11 lakhs for the year ended December 31, 2016). Key CSR activities were "education and women empowerment – financial capability building" and "conservation of environment".

### 36. Earnings Per Share

The amount considered in ascertaining the Company's earnings per share constitutes the net profit/(loss) after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares

## CRISIL Risk and Infrastructure Solutions Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2017.

considered for deriving basic earnings per share and also the weighted average number of shares which could have been issued on conversion of all dilutive potential shares

Particulars	Year ended 31 December 2017	Year ended 31 December 2016
Net profit/(loss) after tax attributable to equity shareholders ( Rs in lakhs)	544.11	(165.36)
Weighted average number of shares outstanding during the year	49,999,970	49,999,970
Basic and diluted loss per share ( Rs )	1.09	(0.33)
Nominal value per equity share ( Rs )	1	1

### 37. The Micro, Small and Medium Enterprises Development ('MSMED')

The Company has a process of identification of 'suppliers' registered under the "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006" by obtaining confirmations from suppliers. There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006 to whom any amount was payable on account of principal amount or interest, accordingly no additional disclosures have been made.

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For **Walker Chandio & Co. LLP**  
ICAI Firm registration number :001076N/N500013

Chartered Accountants

For and on behalf of the Board of Directors of  
**CRISIL Risk and Infrastructure Solutions Limited**

Khushroo B. Panthaky  
Partner  
Membership No.: 42423

M.B.N. Rao  
Director  
DIN – 00287260

Martina Cheung  
Director  
DIN -07551069

Hiresh Dhakan  
Company Secretary

Date: February 12, 2018

Date: February 12, 2018

Place: Mumbai

Place: Mumbai