Financial Statements

Independent Auditor's Report

To the Members of CRISIL Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of CRISIL Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 December 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated 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 Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The Holding Company's Board of Directors and the respective Board of Directors/ management of the subsidiaries included in the Group are responsible for the design, implementation and maintenance of internal control 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. Further, in terms of the provisions of the Act, the respective Board of Directors/management of the companies included in the Group covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets 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. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. While conducting the audit, 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 consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 9 of the Other Matter paragraph below is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated 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, of the consolidated state

of affairs (consolidated financial position) of the Group, as at 31 December 2017, and their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other matters

9. We did not audit the financial statements / financial information of 2 (two) subsidiaries, whose financial statements / financial information reflect total assets of Rs. 2,608.38 lakhs and net assets of Rs. 710.65 lakhs as at 31 December 2017, total revenues of Rs. 8,121.36 lakhs and net cash outflows amounting to Rs. 211.76 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

   Further, both these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

   Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

10. The comparative consolidated financial information for the year ended 31 December 2016 and the transition date for consolidated opening balance sheet as at 1 January 2016 prepared in accordance with Ind AS and included in these consolidated financial statements, are based on the previously issued statutory consolidated 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 auditors, whose reports dated 11 February, 2017 and 9 February 2016, respectively, expressed unmodified opinion on those consolidated financial statements, and have been adjusted for the differences in the accounting principles adopted by the Group 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

11. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

    c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) In our opinion, the aforesaid consolidated 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 of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies covered under the Act, none of the directors of the Group companies covered under the Act, are disqualified as on 31 December 2017 from being

Consolidated Financial Statements

appointed as a director in terms of Section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary companies covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure I';

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 Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:

(i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 34 to the consolidated financial statements.

(ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies covered under the Act.

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

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

Place: Mumbai
Date: 13th February, 2018

Annexure I to the Independent Auditor's Report of even date to the members of CRISIL Limited on the Consolidated Financial Statements

For the year ended 31 December 2017

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 consolidated financial statements of CRISIL Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 December 2017, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company, its one subsidiary company, which are companies covered under the Act, as at that date.

Management's responsibility for Internal Financial controls

2. The respective Board of Directors of the Holding Company, its one subsidiary company, which are companies covered under the Act, are 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 IFCoFR of the Holding Company and its one subsidiary company as aforesaid, 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 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 IFCoFR of the Holding Company and its one subsidiary company as aforesaid.

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 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 Holding Company and its one Subsidiary Company, which are companies covered under the Act, have 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 issued by the ICAI.

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

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

Place: Mumbai
Date: 13th February, 2018

Consolidated Balance Sheet

as at December 31, 2017

(Rupees in lakhs)

Particulars	Notes	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
ASSETS				
1. Non-current assets				
(a) Property, plant and equipment	4	5,435	6,643	7,847
(b) Capital work in progress		-	-	13
(c) Goodwill	6	23,203	22,425	28,695
(d) Intangible assets	5	708	1,806	4,307
(e) Intangible assets under development		1,321	432	248
(f) Financial assets				
i. Investments	7	38,610	3,557	3,039
ii. Other financial assets	8	1,484	3,336	2,448
(g) Deferred tax assets (net)	9	3,475	1,718	1,381
(h) Tax assets	10	4,194	1,944	1,425
(i) Other non-current assets	11	366	602	716
2. Current Assets				
(a) Financial assets				
i. Investments	7	13,933	42,952	39,091
ii. Trade receivables	12	26,042	20,730	19,122
iii. Cash and cash equivalents	13	8,469	16,391	13,089
iv. Other bank balances	14	4,709	1,358	2,087
v. Loans	15	392	369	378
vi. Other financial assets	16	13,888	11,173	7,437
(b) Other current assets	17	3,242	3,088	2,346
TOTAL ASSETS		**149,471**	**138,524**	**133,669**
EQUITY AND LIABILITIES				
1. Equity				
(a) Equity share capital	18	717	713	712
(b) Other equity		104,140	97,824	95,857
2. Non-current liabilities				
(a) Financial liabilities				
i. Other financial liabilities	19	412	115	692
(b) Other non-current liabilities	20	48	16	8
(c) Provisions	21	1,288	1,335	925
3. Current liabilities				
(a) Financial liabilities				
i. Trade payables	22	5,671	4,286	3,735
ii. Other financial liabilities	24	14,788	14,246	12,317
(b) Other current liabilities	25	15,186	13,719	14,063
(c) Provisions	26	6,220	5,404	4,769
(d) Tax liabilites		1,001	866	591
TOTAL EQUITY AND LIABILITIES		**149,471**	**138,524**	**133,669**
Summary of significant accounting policies	2			

The accompanying notes are an integral part of the consolidated financial statements.
This is the Consolidated Balance Sheet
referred to in our audit report of even date

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

Khushroo B. Panthaky
Partner
Membership No.: 42423

Date: February 13, 2018
Place: Mumbai

For and on behalf of the Board of Directors of CRISIL Limited

M. Damodaran
Director
[DIN: 02106990]

Vinita Bali
Director
[DIN: 00032940]

Girish Paranjpe
Director
[DIN: 02172725]

Martina Cheung
Director
[DIN: 07551069]

John L Berisford
Chairman
[DIN: 07554902]

Ashu Suyash
Managing Director and
Chief Executive Officer
[DIN: 00494515]

Ewout Steenbergen
Director
[DIN: 07956962]

Nachiket Mor
Director
[DIN: 00043646]

Amish Mehta
Chief Financial Officer

Minal Bhosale
Company Secretary

Date: February 13, 2018
Place: Mumbai

Consolidated Statement of Profit and Loss

for the year ended December 31, 2017

(Rupees in lakhs)

Particulars	Notes	Year ended December 31, 2017	Year ended December 31, 2016
Income			
Revenue from operations	27	165,846	154,751
Other income	28	2,538	4,967
Total		**168,384**	**159,718**
Expenses			
Employee benefit expenses	29	84,593	78,774
Finance cost	30	41	-
Depreciation and amortisation expenses	4,5	4,664	5,452
Other expenses	31	35,725	31,644
Total		**125,023**	**115,870**
Profit before tax		**43,361**	**43,848**
Tax expense	9		
Current tax		14,648	15,183
Deferred tax		(1,730)	(768)
Total tax expense		**12,918**	**14,415**
Profit after tax for the year		**30,443**	**29,433**
Other comprehensive income (OCI)			
A. Items that will be reclassified to profit or loss:			
Exchange differences in translating the financial statements of a foreign operation		(754)	3,597
The effective portion of gains or (loss) on hedging instruments in a cash flow hedge		434	(1,459)
Tax effect on above		(150)	505
B. Items that will not be reclassified to profit or loss:			
Remeasurements of the defined benefit plans		(229)	347
Equity instruments through other comprehensive income		8,336	(518)
Tax effect on above		105	(1)
Total comprehensive income for the year		**22,701**	**26,962**
Profit attributable to:			
Owners of the Company		30,443	29,433
Non-controlling interest		-	-
Total comprehensive income attributable to:			
Owners of the Company		22,701	26,962
Non-controlling interest		-	-
Earnings per share : Nominal value of Re. 1 per share	39		
Basic		42.58	41.30
Diluted		42.32	40.86
Number of shares used in computing earnings per share			
Basic		71,489,561	71,269,219
Diluted (Refer note 39 and 44)		71,940,435	72,026,251
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the consolidated financial statements.
This is the Consolidated 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

Khushroo B. Panthaky
Partner
Membership No.: 42423

Date: February 13, 2018
Place: Mumbai

For and on behalf of the Board of Directors of CRISIL Limited

M. Damodaran
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Nachiket Mor
Director
[DIN: 00043646]

Amish Mehta
Chief Financial Officer

Minal Bhosale
Company Secretary

Date: February 13, 2018
Place: Mumbai

Consolidated Cash Flow Statement

for the year ended December 31, 2017

(Rupees in lakhs)

	Particulars	Year ended December 31, 2017	Year ended December 31, 2016
A.	**Cash flow from operating activities:**		
	Profit before tax	43,361	43,848
	Adjustments for :		
	Depreciation	4,664	5,452
	Amortisation of foreign currency monetary item translation reserve	(512)	(951)
	Unrealised foreign exchange gain	581	(483)
	(Profit)/ Loss on sale of fixed assets	(71)	(126)
	(Profit)/ Loss on sale of current investments	(1,468)	(2,552)
	(Profit)/ Loss on fair valuation of current investments	(38)	(559)
	Provision for doubtful debts / bad debts	1,448	1,382
	Interest income	(83)	(218)
	Share based payment to employees	1,762	1,627
	Dividend on non-current investments	(328)	(47)
	Operating profit before working capital changes	**49,316**	**47,373**
	Movements in working capital		
	- (Increase)/decrease in trade receivables	(6,824)	(3,092)
	- (Increase)/decrease in other non current financial assets	1,926	(1,040)
	- (Increase)/decrease in other non current assets	6	49
	- (Increase)/decrease in other current financial assets	(3,214)	(2,254)
	- (Increase)/decrease in other current assets	(148)	(570)
	- Increase/(decrease) in trade payables	1,362	574
	- Increase/(decrease) in provisions	619	1,271
	- Increase/(decrease) in other current financial liabilities	571	1,941
	- Increase/(decrease) in other current liabilities	1,491	(355)
	- Increase/(decrease) in other non current financial liabilities	297	(577)
	- Increase/(decrease) in other non current liabilities	32	8
	Cash generated from operations	**45,434**	**43,328**
	- Taxes paid	(16,763)	(15,427)
	Net cash generated from operating activities - (A)	**28,671**	**27,901**
B.	**Cash flow from investing activities :**		
	Purchase of property, plant and equipment and intangible assets	(3,387)	(2,333)
	Proceeds from sale of property, plant and equipment and intangible assets	145	203
	Sale proceeds from investments in mutual funds/(Investments in mutual funds)	31,977	(1,458)
	Investment in CARE Ratings Limited (formerly known as Credit Analysis and Research Limited)	(43,389)	-
	Interest income	125	209
	Proceeds/(Investment) from fixed deposits maturity	(3,465)	864
	Dividend on non-current investments	328	47
	Net cash generated from/(used in) investing activities - (B)	**(17,666)**	**(2,468)**

Consolidated Cash Flow Statement

for the year ended December 31, 2017 (Contd.)

(Rupees in lakhs)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
C. Cash flow from financing activities :		
Proceeds on account of share application money	4,417	1,325
Dividend and dividend tax paid	(23,075)	(24,018)
Net cash generated from/(used in) financing activities - (C)	**(18,658)**	**(22,693)**
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	**(7,653)**	**2,740**
Cash and cash equivalents - Opening balance	16,391	13,089
Add : Exchange difference on translation of foreign currency cash and cash equivalents	(269)	562
Cash and cash equivalents - Closing balance	8,469	16,391
Net Increase/(decrease) in cash and cash equivalents	**(7,653)**	**2,740**
Components of cash and cash equivalents		
Cash on hand and balances with banks on current account	6,719	15,722
Deposits with original maturity of less than three months	1,750	669
Total	**8,469**	**16,391**

The accompanying notes are an integral part of the consolidated cash flow statements.
This is the Consolidated Cash Flow Statement
referred to in our audit report of even date

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

Khushroo B. Panthaky
Partner
Membership No.: 42423

Date: February 13, 2018
Place: Mumbai

For and on behalf of the Board of Directors of CRISIL Limited

M. Damodaran
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Director
[DIN: 00043646]

Amish Mehta
Chief Financial Officer

Minal Bhosale
Company Secretary

Date: February 13, 2018
Place: Mumbai

Statement of Changes in Consolidated Equity

for the year ended December 31, 2017

A. Equity Share Capital

(Rupees in lakhs)

Balance as at January 1, 2017	Changes in equity share capital during the year (Refer note 18)	Balance as at December 31, 2017
713	4	717

(Rupees in lakhs)

Balance as at January 1, 2016	Changes in equity share capital during the year (Refer note 18)	Balance as at December 31, 2016
712	1	713

B. Other Equity

(Rupees in lakhs)

Particulars	Reserves & Surplus								Items of Other Comprehensive Income				Total
	Capital reserve	Capital redemption reserve	Securities premium reserve	General reserve	Share-based payment reserve	Foreign currency monetary items translation	Special Economic Zone reinvestment reserve	Retained earnings	Equity Instruments through OCI	Currency fluctuation reserve	Hedge reserve	Other items of OCI	
Balance as at January 1, 2017	**-**	**27**	**4,354**	**14,115**	**6,268**	**(699)**	**-**	**72,490**	**2,303**	**(2,036)**	**1,228**	**(226)**	**97,824**
Profit for the year	-	-	-	-	-	-	-	30,443	-	-	-	-	30,443
Additions during the year	-	-	4,413	-	-	1,044	-	-	-	-	-	-	5,457
Transfer to foreign exchange gain	-	-	-	-	-	(532)	-	-	-	-	-	-	(532)
Share based payment to employees	-	-	-	-	1,765	-	-	-	-	-	-	-	1,765
Other comprehensive income	-	-	-	-	-	-	-	-	(8,361)	753	(284)	150	(7,742)
Final dividend	-	-	-	-	-	-	-	(6,420)	-	-	-	-	(6,420)
Interim dividend	-	-	-	-	-	-	-	(12,881)	-	-	-	-	(12,881)
Corporate dividend tax	-	-	-	-	-	-	-	(3,774)	-	-	-	-	(3,774)
Transfer to general reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to SEZ Reinvestment Reserve	-	-	-	-	-	-	300	(300)	-	-	-	-	-
Exercise of stock option	-	-	1,311	-	(1,311)	-	-	-	-	-	-	-	-
Balance as at December 31, 2017	**-**	**27**	**10,078**	**14,115**	**6,722**	**(187)**	**300**	**79,558**	**(6,058)**	**(1,282)**	**944**	**(76)**	**104,140**

CRISIL
An S&P Global Company

Statement of Changes in Consolidated Equity

for the year ended December 31, 2017 (Contd.)

(Rupees in lakhs)

Particulars	Reserves & Surplus								Items of Other Comprehensive Income				Total
	Capital reserve	Capital redemption reserve	Securities premium reserve	General reserve	Share-based payment reserve	Foreign currency monetary items translation	Special Economic Zone reinvestment reserve	Retained earnings	Equity Instruments through OCI	Currency fluctuation reserve	Hedge reserve	Other items of OCI	
Balance as at January 1, 2016	**1,222**	**27**	**2,946**	**13,187**	**4,725**	**1,133**	**-**	**68,877**	**1,905**	**1,561**	**274**	**-**	**95,857**
Profit for the year	-	-	-	-	-	-	-	29,433	-	-	-	-	29,433
Transferred on amalgamation (Refer note 46)	(1,222)	-	-	(1,117)	-	-	-	243	-	-	-	-	(2,096)
Additions during the year	-	-	1,324	-	-	(1,893)	-	-	-	-		-	(569)
Transfer to foreign exchange gain	-	-	-	-	-	61	-	-	-	-	-	-	61
Share based payment to employees	-	-	-	-	1,627	-	-	-	-	-	-	-	1,627
Other comprehensive income	-	-	-	-	-	-	-	-	398	(3,597)	954	(226)	(2,471)
Final Dividend	-	-	-	-	-	-	-	(7,121)	-	-	-	-	(7,121)
Interim Dividend	-	-	-	-	-	-	-	(12,834)	-	-	-	-	(12,834)
Corporate dividend tax	-	-	-	-	-	-	-	(4,063)	-	-	-	-	(4,063)
Transfer to general reserve	-	-	-	2,045	-	-	-	(2,045)	-	-	-	-	-
Exercise of stock option	-		84	-	(84)	-	-	-	-	-	-	-	-
Balance as at December 31, 2016	**-**	**27**	**4,354**	**14,115**	**6,268**	**(699)**	**-**	**72,490**	**2,303**	**(2,036)**	**1,228**	**(226)**	**97,824**

The accompanying notes are an integral part of the consolidated financial statements.
This is the consolidated statement of
changes to equity referred to in our audit report
of even date.

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

Khushroo B. Panthaky
Partner
Membership No.: 42423

Date: February 13, 2018
Place: Mumbai

For and on behalf of the Board of Directors of CRISIL Limited

M. Damodaran
Director
[DIN: 02106990]

Vinita Bali
Director
[DIN: 00032940]

Girish Paranjpe
Director
[DIN: 02172725]

Martina Cheung
Director
[DIN: 07551069]

John L Berisford
Chairman
[DIN: 07554902]

Ashu Suyash
Managing Director and
Chief Executive Officer
[DIN: 00494515]

Ewout Steenbergen
Director
[DIN: 07956962]

Nachiket Mor
Director
[DIN: 00043646]

Amish Mehta
Chief Financial Officer

Minal Bhosale
Company Secretary

Date: February 13, 2018
Place: Mumbai

Summary of Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements for the year ended December 31, 2017

1 Corporate information

CRISIL Limited ("the Company" or "CRISIL") and its subsidiaries (collectively referred to as "the Group") is a globally-diversified analytical Company providing ratings, research, risk and policy advisory services. CRISIL is India's leading ratings agency and the foremost provider of high-end research to the world's largest banks and leading corporations. CRISIL delivers analysis, opinions, and solutions that make markets function better.

CRISIL 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. The equity shares of the Company are listed on recognised stock exchanges in India- The Bombay Stock Exchange and the National Stock Exchange.

These consolidated financial statements for the year ended December 31, 2017 were approved by the Board of Directors on February 13, 2018.

S&P Global Inc. the ultimate holding Company, through its subsidiaries owned 66.71% as on December 31, 2017 of the Company's equity share capital.

2 Summary of significant accounting policies

2.1 Statement of compliance

These consolidated 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 Group's consolidated 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 consolidated financial statements are the first financial statements of the Group under Ind AS and previous periods have been restated to Ind AS. In accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, the Group has presented a reconciliation from the previous presentation of consolidated 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 Group in Note 3 under Previous GAAP to Ind AS.

2.2 Basis of consolidation

The Company consolidates all entities which are controlled by it. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as disclosed in Note 2.6. Control exists when the Company has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Company.

Transactions eliminated on consolidation:

The financial statements of the Group Companies are consolidated on a line-by-line basis and all intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements.

Functional and presentation currency:

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

2.3 Basis of preparation

These consolidated 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 realisation 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.

2.4 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions that affect the reported balances of assets and liabilities (including contingent liabilities) as at the date of the consolidated 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 judgements and the use of assumptions in these consolidated 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 consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated 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 intangible 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 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, when the Group assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

- ***Goodwill impairment***

  The Group estimates the value in use of the cash generating unit (CGU) based on the future cash flows after considering current economic conditions and trends, estimated future operating results and anticipated future economic and regulatory conditions.

  Goodwill is tested for impairment, relying on a number of factors including operating results, business plans and future cash flows. Calculating the future net cash flows expected to be generated to determine if impairment exists and to calculate the impairment involves significant assumptions, estimation and judgment. The estimated cash flows are prepared using internal forecasts.

- ***Revenue recognition***

  Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, 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. Initial rating fees are deemed to accrue on the date the rating is awarded and a portion of it is deferred basis an estimate that will be attributed to future surveillance. Revenue from infrastructure advisory services are recognised in accordance with the percentage completion method, percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project.

- ***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

Consolidated Financial Statements

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 Group 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 2.22

- ***Provisions***
  Provision is recognised when the Group 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.

- ***Business combinations and intangible assets***
  Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by valuation experts.

- ***Share-based payments***
  The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognised in connection with share-based payment transaction is presented as a separate component in equity under "share-based payment reserve". The amount recognised as an expense is adjusted to reflect the impact of the revision of original estimates based on number of options that are expected to vest, in the statement of profit and loss with a corresponding adjustment to equity.

2.5 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.

2.6 The Consolidated Financial Statements represent consolidation of accounts of the Company, its subsidiaries as detailed below :

Name of the Company	Country of incorporation	Ownership in % either directly or through Subsidiaries		
		December 31, 2017	December 31, 2016	January 1, 2016
CRISIL Risk and Infrastructure Solutions Limited	India	100%	100%	100%
CRISIL Irevna UK Limited	United Kingdom	100%	100%	100%
CRISIL Irevna USA LLC	United States of America	100%	100%	100%
CRISIL Irevna Argentina S.A.	Argentina	100%	100%	100%
CRISIL Irevna Poland Sp.zo.o.	Poland	100%	100%	100%
Coalition Development Limited	United Kingdom	100%	100%	100%

Name of the Company	Country of incorporation	Ownership in % either directly or through Subsidiaries		
		December 31, 2017	December 31, 2016	January 1, 2016
Coalition Development Singapore Pte Limited	Singapore	100%	100%	100%
CRISIL Irevna Information Technology (Hangzhou) Co., Ltd	China	100%	100%	100%
Pipal Research Analytics and Information Services India Private Limited (Refer note 46)	India	-	-	100%
Coalition Development Systems (India) Private Limited (Refer note 46)	India	-	-	100%
Mercator Info-Services India Private Limited (Refer note 46)	India	-	-	100%

2.7 Property, plant and equipment (PPE)

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Amount capitalised 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 and equipment is derecognised 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 recognised 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.

2.8 Intangibles

Intangible assets are carried at cost less accumulated amortisation 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 capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Expenditure on development eligible for capitalisation are carried as intangible assets under development where such assets are not yet ready for their intended use.

2.9 Depreciation/amortisation

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 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/amortisation is provided on straight line method (SLM) over useful life.

Type of asset	Estimated useful life
Buildings	20 Years
Furniture and fixtures	4 to 16 Years
Office equipments	3 to 10 Years
Computers	3 Years
Vehicles	3 Years
Customer relationship	3 to 7 Years
Technology	5 Years
Database	5 Years
Tradename	7 Years
Software	1 to 3 Years

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

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

2.10 Impairment

a) Impairment of non-financial assets

(i) Goodwill

Goodwill is tested for impairment on an annual basis or whenever there is an

indication that goodwill may be impaired. For goodwill impairment testing, the carrying amount of the CGUs (including allocated goodwill) is compared with its recoverable amount by the Group. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of the future cash flows expected to be derived from the CGU. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU prorata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in the statement of profit and loss and is not reversed in the subsequent period.

(ii) Other 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 recognised 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 amortisation or depreciation) has no impairment loss been recognised 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 Group 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 amortised cost e.g., loans, deposits, and bank balance.
b) Trade receivables.

The Group 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 Group to track changes in credit risk. Rather, it recognises 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.

2.11 Business combinations

W.e.f. January 1, 2012, business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103. The acquisition date is the date on which control is transferred to the acquirer. The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, less the net recognised amount of the identifiable assets acquired and liabilities (including contingent liabilities) acquired.

When the fair value of the net identifiable assets acquired and liabilities acquired exceeds the consideration transferred, a bargain purchase gain is recognised as capital reserve. Business combinations between entities under common control is accounted at carrying value.

Transaction cost that the Group incurs in connection with business combinations such as finder fees, legal fees and other professional and consulting fees are expensed as incurred.

Goodwill is measured at cost less accumulated impairment loss.

2.12 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 recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Fair value of financial instruments

In determining the fair value of the financial instruments the Group 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 realised. For all other financial instruments the carrying amounts approximates fair value due to short term maturity of those instruments.

2.15 Financial instruments

Initial recognition

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognised 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

a) Non-derivative financial instruments

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised 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 Group 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 recognised 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.

Consolidated Financial Statements

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method, except for contingent consideration recognised 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.

b) Derivative financial instruments

The Group uses derivative financial instruments i.e. foreign exchange forward and options contracts to manage its exposure to foreign exchange risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group uses hedging instruments that are governed by the policies of the Group.

Hedge accounting

The Group uses foreign currency forward and options contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Group designates such contracts in a cash flow hedging relationship by applying the hedge accounting principles. These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in OCI and accumulated under the hedging cash flow hedge reserve, net of applicable deferred income taxes and the ineffective portion is recognised immediately to the statement of profit and loss. Amounts accumulated under the hedging cash flow hedge reserve are reclassified to the statement of profit and loss in the same period during which the forecasted transaction affects to the statement of profit and loss. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised under the hedging cash flow hedge reserve is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised under the hedging cash flow hedge reserve is immediately transferred to the statement of profit and loss.

Derecognition of financial instruments

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. The changes in fair value of equity investments designated at FVTOCI are accumulated within 'Equity instruments at OCI' reserve within equity. The Group transfers amounts from this reserve to retained earnings when these equity instruments are derecognised. A financial liability (or a part of a financial liability) is derecognised from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.16 Provision, contingent liabilities and contingent assets:

A provision is recognised when the Group 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 recognised as a finance cost.

Contingent liabilities are disclosed in note no. 34. Contingent liabilities are disclosed for:

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

(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 recognised in the consolidated financial statements.

2.17 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.

2.18 Revenue recognition

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

Income from operations

Income from Operations comprises of income from initial rating and surveillance services, global research and analytical services, customised research, special assignments and subscriptions to information products and services, revenue from initial public offering (IPO) grading services and independent equity research (IER) services. Initial rating fees are deemed to accrue on the date the rating is awarded and a portion of it is deferred basis an estimate that will be attributed to future surveillance recorded equally over 11 months and recognise the deferred revenue ratably over the estimated surveillance periods. Revenue on service contracts are recognised on completion of related services. Surveillance fee, subscription to information products and services and revenue from IER are accounted on a time proportion basis. Revenue from customised research is accounted over the execution period, IPO grading are recognised in the period in which such assignments are carried out. Global research and analytics revenue is recognised based on time and material at the contractual rates as service hours are delivered and direct expenses are incurred. Revenue from infrastructure advisory services are recognised in accordance with the percentage completion method. Revenue from risk management services comprises of revenue from sale of software and annual maintenance contracts. Revenue from sale of software licenses are recognised upon delivery of these licenses which constitute transfer of all risks and rewards. Revenue from consultancy services and sale of software which involves customisation are recognised over execution period. Revenue from annual maintenance contracts are recognised 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.

Grants and subsidies are recognised at fair value where there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognised as a credit against such expense for which grant is received over the periods in which costs are recognised.

Interest income

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

Dividend income

Dividend Income is recognised 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 current 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 recognised in the statement of profit and loss.

2.19 Retirement and other employee benefits

Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group 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 contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

The Group'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

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results in a potential asset for the Group, the recognised 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 recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed 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 recognised 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 recognised immediately in the statement of profit and loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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 twelve months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the same is presented as non-current liability.

In respect of foreign subsidiaries retirement benefits are governed and accrued as per local statutes and there are no defined benefit plan. The amount contributed to the defined contribution plan is charged to the statement of profit & loss account on accrual basis.

2.20 Employee stock compensation cost

The Group recognizes expense relating to share based payment in net profit using fair value in accordance with Ind AS 102-Share Based Payment. The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognised in connection with share based payment transaction is presented as a separate component in equity under “Share based payment reserve”. The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest.

2.21 Foreign currency

Functional currency

The functional currency of the Company and its Indian subsidiaries is the Indian Rupee (INR), whereas the functional currency of the foreign subsidiaries is the currency of their countries of domicile. These consolidated financial statements are presented in Indian Rupees (rounded off to the nearest lakhs except otherwise indicated).

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 recognised 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.

Foreign currency translation

Assets and liabilities of the entities with functional currency other than the presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. The statement of profit and loss has been translated using monthly average exchange rates prevailing during the year. Translation adjustment have been reported as foreign currency translation reserve in the statement of changes in equity.

Exchange difference

In case of long term monetary items the exchange difference is amortised up to the date of settlement of such monetary items and charged to the statement

of profit and loss. The unamortised exchange difference is carried to Foreign Currency Monetary Item Translation Difference Account (FCMITDA) under reserves and surplus. Exchange gains and losses arising on settlement of foreign currency denominated long term monetary assets and liabilities are recognised in the statement of profit and loss. (Refer note 3)

2.22 Taxes on income

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates items recognised 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 Group:

a) has a legally enforceable right to set off the recognised amounts; and

b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The current income tax for overseas subsidiaries has been computed based on the tax laws applicable to each subsidiary in the respective jurisdiction in which they operate.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (including those arising from consolidation adjustments).

Deferred tax assets are recognised 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 realised; such reductions are reversed when the probability of future taxable profits improves.

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

Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary difference associated with investment in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset only if:

a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax assets include MAT paid in accordance with the tax laws which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised

2.23 Segment reporting policies

The Managing Director and Chief Executive Officer 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 Group's performance and allocates resources based on an analysis of various performance indicators by industry classes. Accordingly, segment information has been presented for industry classes.

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The Group is structured into three reportable business segments – Rating, Research and Advisory The reportable business segments are in line with the segment wise information which is being presented to the CODM. Geographical information on revenue and industry revenue information is collated based on individual customers invoices or in relation to which the revenue is otherwise recognised. The accounting principles used in the preparation of the consolidated financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant policies.

Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Property, plant and equipment that are used interchangeably among segments are not allocated to reportable segments.

Inter segment transfers:

The Group generally accounts for inter segment services and transfers as if the services or transfers were to third parties at arm length price.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

Unallocable income and expenses includes general corporate income and expense items which are not identified to any business segment.

2.24 Earnings per share

Basic 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. The weighted average number of equity shares outstanding during the period is adjusted for events such as buy back, Employee Stock Option Scheme (ESOS), etc. that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the Group has adopted treasury stock method to compute the new shares that can possibly be created by un-exercised stock options. The net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.25 Dividend

The final dividend on shares is recorded as a liability on the date of approval by the shareholders. Interim dividend is recognised as a liability on the date of declaration by the Company's Board of Directors.

2.26 Assets held for sale

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criterias are met: (i) decision has been made to sell, (ii) the assets are available for immediate sale in its present condition, (iii) the assets are being actively marketed and (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date. Subsequently, such non-current assets and disposal groups classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

2.27 Recent accounting pronouncements

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 Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. 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 Group has evaluated the requirement and determined that it will not have material impact on the consolidated financial statements.

Amendment to Ind AS 102, 'Share-based payment'

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards id determined on a basis consistent with that used for equity-settled awards. Market based performance conditions and non-vesting conditions are reflected in the 'fair values', but non- market performance conditions and service vesting conditions are reflected in the estimate in the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from date of the modification. Further, the amendment requires the award that includes a net settlements feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The Group has evaluated the requirement and determined that it will not have material impact on the consolidated financial statements.

3 Transition to Ind AS

Exemptions and exceptions availed

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

a) The Group has elected to continue with the carrying value of all its property, plant and equipment including asset held for sale as recognised in the consolidated financial statements as at January 1, 2016 (transition date) to Ind AS measured as per the Previous GAAP and use that as its deemed cost as at the transition date.

b) On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at January 1, 2016, measured as per the Previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

c) Long term foreign currency monetary items: A first-time adoption may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the consolidated financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the Previous GAAP.

d) Share-based payment exemption: The Group has availed exemption available under Ind AS 101 on application of Ind AS 102, "Share Based Payment", to equity instruments that vested before the date of transition to Ind AS and accordingly the unvested options as on the transition date have been measured at fair value as against instrinsic value previously recognised under the Previous GAAP.

e) The Group has elected to apply Ind AS 103 - Business Combination retrospectively to past business combinations from January 2012

f) Under Ind AS 109, at initial recognition of a financial asset, an entity may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. Ind AS 101 allows such designation of previously recognised financial assets, as Fair Value through Other Comprehensive Income (FVTOCI) on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

   Accordingly, the Group has designated its investments in equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

g) The Group has designated various hedging relationships as cash flow hedges under the Previous GAAP. On date of transition to Ind AS, the Group has assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Group continues to apply hedge accounting on and after the date of transition to Ind AS.

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Equity reconciliation

(Rupees in lakhs)

Particulars	Note	As at December 31, 2016	As at January 1, 2016
Equity under previous GAAP		**94,535**	**85,576**
Final dividends (including tax thereon)	(a)	7,727	8,571
Impact on account of measuring non-current investments at fair value	(b)	2,995	2,477
Impact on account of measuring current investments at fair value	(b)	559	1,318
Adjustment for straight lining of lease rentals	(g)	1,202	1,544
Reversal of goodwill amortised under previous GAAP	(f)	296	-
Goodwill/amortisation of intangibles including foreign currency translation	(c)	(8,069)	(2,135)
Others	(i)	(222)	(196)
Tax adjustments	(j)	(486)	(586)
Equity as per Ind AS		**98,537**	**96,569**
Comprising:			
Paid up equity share capital		713	712
Other equity		97,824	95,857

Profit reconciliation

(Rupees in lakhs)

Particulars	Note	Year ended December 31, 2016
Net profit as per previous GAAP		**32,634**
Add / (Less) : Adjustments for GAAP Differences		
Impact on account of measuring current investments at fair value	(b)	(752)
Remeasurements of net defined benefit liability	(d)	347
Impact of restatement of past business combinations	(c)	(1,731)
Share based payment to employees	(e)	(1,627)
Adjustment for straight lining of lease rentals	(g)	(342)
Reversal of goodwill amortised under previous GAAP	(f)	315
Others	(i)	51
Tax adjustments on above, as applicable	(j)	538
Net profit before other comprehensive income as per Ind AS		**29,433**
Other Comprehensive Income		(1,967)
Tax adjustments on above (OCI)	(j)	(504)
Total Comprehensive Income as per Ind AS (After tax)		**26,962**

Notes to reconciliations between previous GAAP and Ind AS

a) Dividend (including dividend tax)

Under Ind AS, dividend to holders of equity instruments is recognised as a liability in the period in which the obligation to pay is established. Under the Previous GAAP, dividend payable is recorded as a liability in the period to which it relates.

That has resulted in an increase of equity by Rs. 7,727 lakhs and Rs. 8,571 lakhs as at December 31, 2016 and January 1, 2016 respectively.

b) Fair valuation of investments

Under the Previous GAAP, current investments were measured at lower of cost or market value and long term investments were measured at cost less diminution in value which is other than temporary, under Ind AS Financial assets other than amortised cost are subsequently measured at fair value.

The Group has made an irrevocable election to present in OCI subsequent changes in fair value of equity investments not held for trading. This has resulted in increase in equity by Rs. 2,995 lakhs and Rs. 2,477

lakhs as at December 31, 2016 and January 1, 2016 respectively and increase in total comprehensive income by Rs. 518 lakhs for the year ended December 31, 2016.

Investment in mutual funds have been classified as fair value through profit and loss and fair value changes are recognised in the statement of profit and loss. This has resulted in increase in equity by Rs. 559 lakhs and Rs. 1,318 lakhs as at December 31, 2016 and January 1, 2016 respectively and decrease in total comprehensive income by Rs. 752 lakhs for the year ended December 31, 2016.

c) Impact of retrospective application of Ind AS 103 to past business combinations

Under the Previous GAAP, the business combination was accounted at the book value. Under Ind AS the acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date (including foreign currency translation).

This has resulted in decrease in equity by Rs. 8,069 lakhs and Rs. 2,135 lakhs as at December 31, 2016 and January 1, 2016 respectively and a decrease in total comprehensive income by Rs. 1,731 lakhs for the year ended December 31, 2016.

d) Employee benefits

Under the Previous GAAP, actuarial gains and losses were recognised 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 recognised in other comprehensive income in the respective periods. The amount recognised in OCI for the year ended December 31, 2016 was Rs. 347 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.

e) Share-based payment to employees

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 Rs. 1,627 lakhs. There is no impact on total equity.

f) Goodwill

Under Ind AS 38 - Intangibles, goodwill on amalgamation is not amortised, but subject to annual impairment test or more frequently whenever there is an indication of impairment. This has resulted into reversal of amortisation of goodwill recognised under the Previous GAAP, which resulted in increase in total equity by Rs. 296 lakhs and Rs. Nil as at December 31, 2016 and January 1, 2016 respectively. The total comprehensive income for the year ended December 31, 2016 increased by Rs. 315 lakhs.

g) 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 equalisation reserve created as per the Previous GAAP is reversed which resulted in increase in total comprehensive income for the year ended December 31, 2016 by Rs. 342 lakhs. Total equity has increased by Rs. 1,202 lakhs and Rs. 1,544 lakhs as at December 31, 2016 and January 1, 2016 respectively.

h) Reconciliation of statement of cash flow

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

i) Others

Other adjustments include revenue deferred and the impact of discounting of security deposits.

j) Tax adjustments including deferred tax

Tax impact resulted on account of above adjustments lead to decrease in total equity under Ind AS by Rs. 486 lakhs and Rs. 586 lakhs as at December 31, 2016 and January 1, 2016 respectively, and increase in total comprehensive income by Rs. 34 lakhs for the year ended December 31, 2016.

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4. Property, plant and equipment

For the year ended December 31, 2017

(Rupees in lakhs)

Particulars	Gross Block					Accumulated Depreciation/Amortisation					Net Block
	As at January 1, 2017	Additions	Deductions	Currency translation reserve	As at December 31, 2017	Up to January 1, 2017	For the year	Deductions	Currency translation reserve	Up to December 31, 2017	As at December 31, 2017
Buildings	10	-	-	-	10	8	2	-	-	10	-
Furniture and fixtures	946	70	39	15	992	202	182	14	14	384	608
Office equipments	1,596	142	30	(10)	1,698	334	419	11	(4)	738	960
Computers	3,529	1,421	51	22	4,921	1,390	1,444	48	38	2,824	2,097
Vehicles	452	187	63	36	612	165	163	36	35	327	285
Leasehold improvements	3,153	132	-	(24)	3,261	944	847	-	(15)	1,776	1,485
Total	**9,686**	**1,952**	**183**	**39**	**11,494**	**3,043**	**3,057**	**109**	**68**	**6,059**	**5,435**

For the year ended December 31, 2016

(Rupees in lakhs)

Particulars	Carrying Value					Accumulated Depreciation/Amortisation					Net Block
	As at January 1, 2016	Additions	Deductions	Currency translation reserve	As at December 31, 2016	Up to January 1, 2016	For the year	Deductions	Currency translation reserve	Up to December 31, 2016	As at December 31, 2016
Buildings	10	-	-	-	10	-	8	-	-	8	2
Furniture and fixtures	860	107	19	(2)	946	-	203	3	2	202	744
Office equipments	1,570	52	10	(16)	1,596	-	324	2	12	334	1,262
Computers	2,012	1,678	22	(139)	3,529	-	1,404	20	6	1,390	2,139
Vehicles	272	209	34	5	452	-	165	6	6	165	287
Leasehold improvements	3,123	57	7	(20)	3,153	-	948	-	(4)	944	2,209
Total	**7,847**	**2,103**	**92**	**(172)**	**9,686**	**-**	**3,052**	**31**	**22**	**3,043**	**6,643**

5. Intangible assets

For the year ended December 31, 2017

(Rupees in lakhs)

Particulars	Gross Block					Accumulated Depreciation/Amortisation					Net Block
	As at January 1, 2017	Additions	Deductions	Currency translation reserve	As at December 31, 2017	Up to January 1, 2017	For the year	Deductions	Currency translation reserve	Up to December 31, 2017	As at December 31, 2017
Technology	1,457	-	-	29	1,486	921	529	-	36	1,486	-
Database	686	-	-	13	699	434	249	-	16	699	-
Customer relationship	1,145	-	-	23	1,168	476	447	-	20	943	225
Tradename	360	-	-	7	367	100	100	-	4	204	163
Software	384	513	-	1	898	295	282	-	1	578	320
Total	**4,032**	**513**	**-**	**73**	**4,618**	**2,226**	**1,607**	**-**	**77**	**3,910**	**708**

For the year ended December 31, 2016

(Rupees in lakhs)

Particulars	Carrying Value					Accumulated Depreciation/Amortisation					Net Block
	As at January 1, 2016	Additions	Deductions	Currency translation reserve	As at December 31, 2016	Up to January 1, 2016	For the year	Deductions	Currency translation reserve	Up to December 31, 2016	As at December 31, 2016
Technology	1,714	-	-	(257)	1,457	-	1,000	-	(79)	921	536
Database	806	-	-	(120)	686	-	471	-	(37)	434	252
Customer relationship	1,347	-	-	(202)	1,145	-	516	-	(40)	476	669
Tradename	424	-	-	(64)	360	-	109	-	(9)	100	260
Software	16	313	1	56	384	-	304	1	(8)	295	89
Total	**4,307**	**313**	**1**	**(587)**	**4,032**	**-**	**2,400**	**1**	**(173)**	**2,226**	**1,806**

6. Goodwill

(Rupees in lakhs)

Goodwill consists of the following	As at December 31, 2017	As at December 31, 2016
Carrying value at the beginning	22,425	28,695
Adjustment on account of amalgamation	-	(2,096)
Foreign currency exchange gain/(loss)	778	(4,174)
Carrying value at the end	**23,203**	**22,425**

The entire goodwill has been allocated to the operating segment 'Research'.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Cash Generating Units (CGU) or groups of CGUs, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGUs.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use, both of which are calculated by the Group using a discounted cash flow analysis. These calculations use pre tax cash flow projections over a period of five years, based on financial budgets approved by management. For calculation of the recoverable amount, the Group has used growth rate of seven percent and discount rate of fifteen percent.

The above discount rate is based on the Weighted Average Cost of Capital of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

An analysis of sensitivity of the computation to a change in key parameters (operating margins and discount rate) based on reasonably probable assumptions, did not identify any probable scenario in which recoverable amount of the CGU would decrease below its carrying amount.

As at December 31, 2017, the estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not triggered.

7. Investments

A. Non-current investments	As at December 31, 2017		As at December 31, 2016		As at January 1, 2016	
	No. of shares	Rupees in lakhs	No. of shares	Rupees in lakhs	No. of shares	Rupees in lakhs
*Unquoted equity investments carried at fair value through OCI (Refer note 33)***						
Equity Shares of National Commodity and Derivative Exchange Limited of Rs.10 each, fully paid up	1,875,000	3,521	1,875,000	3,512	1,875,000	3,002
Equity Shares of Caribbean Information and Credit Rating Agency of US $ 1 each, fully paid up	300,000	149	300,000	45	300,000	37
(Net of provision for diminution in value of Investment)						
Sub - total (a)		**3,670**		**3,557**		**3,039**
*Quoted equity investments carried at fair value through OCI (Refer note 33)***						
Equity Share of ICRA Limited of Rs.10 each, fully paid up*	1	-	1	-	1	-
Equity Share of CARE Ratings Limited (formerly known as Credit Analysis and Research Limited) of Rs.10 each, fully paid up*	2,622,431	34,940	1	-	1	-
Sub - total (b)		**34,940**		**-**		**-**
Total non-current investments - (a + b)		**38,610**		**3,557**		**3,039**

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B. Current investments	As at December 31, 2017		As at December 31, 2016		As at January 1, 2016	
	No. of Units	Rupees in lakhs	No. of Units	Rupees in lakhs	No. of Units	Rupees in lakhs
Investments in mutual funds						
(Unquoted investments carried at fair value through profit and loss) (Refer note 33)						
HDFC Charity Fund for Cancer Cure - Debt Plan - Direct - 100% Dividend Donation	2,500,000	254	-	-	-	-
DSP BlackRock Liquidity Fund - Direct Plan - Growth	114,221	2,790	-	-	-	-
Baroda Pioneer Liquid Fund - Plan B Growth	144,750	2,843	-	-	-	-
Sundaram Money Fund - Direct Plan - Growth	7,868,460	2,833	-	-	17,346,780	5,434
ICICI Prudential Liquid Fund - Direct - Growth	990,139	2,501	-	-	2,205,894	4,850
Axis Liquid Fund - Direct Growth	137,365	2,602	-	-	331,002	5,449
UTI Liquid Cash Plan - Institutional - Direct Plan - Growth	3,945	110	-	-	1,901	46
HDFC Cash Management Fund - Savings Plan - Direct Plan - Growth Option	-	-	-	-	104,807	3,251
HDFC Liquid Fund - Direct Plan - Growth	-	-	-	-	185,030	5,423
IDFC Cash Fund - Growth - Direct Plan	-	-	-	-	267,080	4,821
L&T Liquid Fund Direct Plan - Growth	-	-	-	-	241,806	4,925
SBI Premier Liquid Fund - Direct Plan - Growth	-	-	-	-	208,380	4,861
TATA Money Market Fund -Direct Plan-Growth	-	-	-	-	1,312	31
ICICI Prudential Banking and PSU Debt Plan - Direct - Growth	-	-	9,406,994	1,759	-	-
ICICI Prudential Long Term - Direct - Growth	-	-	23,908,345	4,920	-	-
Axis Short Term Fund - Direct - Growth	-	-	22,922,423	4,147	-	-
Axis Treasury Advantage Fund - Direct - Growth	-	-	259,704	4,703	-	-
HDFC Medium Term Opportunities Fund - Direct - Growth	-	-	8,362,615	1,496	-	-
HDFC Floating Rate Income Fund - Short Term Plan - Direct - Wholesale Option - Growth	-	-	17,613,978	4,907	-	-
Birla Sun Life Floating Rate Fund-Long Term-Regular Plan-Growth	-	-	2,739,724	5,403	-	-
Kotak Banking and PSU Debt Fund - Direct - Growth	-	-	14,208,582	5,205	-	-
DSP BlackRock Ultra Short Term Fund - Direct - Growth	-	-	43,066,267	5,039	-	-
Reliance Banking & PSU Debt Fund - Direct - Growth	-	-	22,092,785	2,579	-	-
Reliance Dynamic Bond Fund - Direct - Growth	-	-	12,203,790	2,794	-	-
Total investments in mutual funds (c)		**13,933**		**42,952**		**39,091**
Total investments (a + b + c)		**52,543**		**46,509**		**42,130**

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

* '-' in amounts' columns denote amount less than Rs. 50,000

**The total dividend recognised pertaining to FVTOCI instruments for the year ended on December 31, 2017 was Rs. 321 lakhs and for the year ended December 31, 2016 was Rs. 47 lakhs. Dividend from equity investments designated at FVTOCI relates to investments held at the end of the reporting period. The Group recognises dividend in statement of profit and loss under the head "other income". For all the equity instruments that are classified by the Group as FVTOCI, fair value changes on the instrument, excluding dividends, are recognised in the OCI.

8. Other financial assets

(Rupees in lakhs)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016	As at January 1, 2016
Non current			
Unsecured, considered good, unless otherwise stated			
Interest accrued on fixed deposits	2	2	7
- Security and other deposits	1,385	3,322	2,282
- Deposits with more than 12 months maturity	97	12	159
(Deposit includes fixed deposits with banks Rs. 55 lakhs (Rs. 1 lakh and Rs. 67 lakhs as at December 31, 2016 and January 1, 2016 respectively) marked as lien for guarantees issued by banks on behalf of the Group (Refer note 34))			
Total	**1,484**	**3,336**	**2,448**

9. Income tax

(Rupees in lakhs)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Current tax	14,648	15,183
Deferred tax	(1,730)	(768)
Total income tax expense recognised in current year	**12,918**	**14,415**

The reconciliation between income tax provision of the Group and amounts computed by applying the Indian statutory income tax rate to profit before taxes is summarised below:

(Rupees in lakhs)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Profit before income tax	43,361	43,848
Enacted income tax rate in India (%)	34.61%	34.61%
Computed expected tax expense	15,007	15,176
Effect of:		
Income exempt from tax	(1,097)	(1,286)
Expenses that are not deductible in determining taxable profit	27	455
Differential tax rates of subsidiaries operating in other jurisdictions	(839)	(927)
Income subject to different tax rates	31	-
Tax expense of prior years	(209)	-
Others	(2)	997
Total income tax expense recognised in the statement of profit and loss	**12,918**	**14,415**

The applicable Indian statutory income tax rates fiscal the year ended March 31, 2018 and March 31, 2017 is 34.61% and 34.61% respectively.

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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)

Particulars	Opening Balance	Recognised in profit and loss	Recognised in OCI	Acquisitions/ disposal	Exchange difference	Closing balance
Deferred tax liability						
On gains from other investments	692	-	26	-	-	718
On gains from mutual funds	147	(145)	-	-	-	2
On gains / losses on forward contract	650	-	(150)	-	-	500
On property, plant and equipment	522	(175)	-	-	(7)	340
Gross deferred tax liablity	**2,011**	**(320)**	**(124)**	**-**	**(7)**	**1,560**
Deferred tax asset						
On lease rent amortisation	(12)	(1)	-	-	(1)	(14)
On provision for compensated absences	1,262	349	-	-	(3)	1,608
On provison for bonus and commission	747	175	-	-	(9)	913
On provision for gratuity	434	45	(79)	-	-	400
On provison for bad debt	588	66	-	-	-*	654
On initial rating fees deferred	296	246	-	-	-	542
On property, plant and equipment	213	337	-	-	-*	550
On disallowance under section 40(a) and others	201	193	-	-	(12)	382
Gross deferred tax asset	**3,729**	**1,410**	**(79)**	**-**	**(25)**	**5,035**
Net deferred tax asset	**1,718**	**1,730**	**45**	**-**	**(18)**	**3,475**

As at December 31, 2016

(Rupees in lakhs)

Particulars	Opening Balance	Recognised in profit and loss	Recognised in OCI	Acquisitions/ disposal	Exchange difference	Closing balance
Deferred tax liability						
On Gains from other investments	571	2	119	-	-	692
On Gains from mutual funds	410	(263)	-	-	-	147
On Gains / Losses on forward contract	145	-	505	-	-	650
On property, plant and equipment	991	(396)	-	-	(73)	522
Gross deferred tax liablity	**2,117**	**(657)**	**624**	**-**	**(73)**	**2,011**
Deferred tax asset						
On lease rent amortisation	38	(50)	-	-	-*	(12)
On provision for compensated absences	1,136	126	-	-	-*	1,262
On provison for bonus and commission	734	30	-	-	(17)	747
On provision for gratuity	360	(46)	120	-	-	434
On provison for bad debt	539	48	-	-	1	588
On initial rating fees and other deferred revenue	415	(119)	-	-	-	296
On disallowance under section 40(a) and others	189	15	-	-	(3)	201
On property, plant and equipment	87	107	-	-	19	213
Gross deferred tax asset	**3,498**	**111**	**120**	**-**	**-**	**3,729**
Net deferred tax asset	**1,381**	**768**	**(504)**	**-**	**73**	**1,718**

* '-' in amounts' columns denote amount less than Rs. 50,000

10. Tax assets

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Non current			
Advance taxes paid	4,194	1,944	1,425
Total	**4,194**	**1,944**	**1,425**

11. Other non-current assets

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Non current			
Prepaid rent	223	453	518
Prepaid expenses	143	149	198
Total	**366**	**602**	**716**

12. Trade receivable

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Current			
Unsecured, considered good, unless otherwise stated			
- Unsecured, considered good (Refer note 36)	26,042	20,730	19,122
- Considered doubtful	2,414	1,973	2,046
Less : Allowance for doubtful trade receivables	(2,414)	(1,973)	(2,046)
Total	**26,042**	**20,730**	**19,122**

13. Cash and cash equivalents

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Current			
Cash on hand	1	1	3
Balances with banks :			
On current accounts	6,718	15,721	10,983
Deposits with maturity of less than three months	1,750	669	2,103
(Deposit includes fixed deposits with banks Rs. 7 lakhs (Rs. 58 lakhs and Rs. 37 lakhs as at December 31, 2016 and January 1, 2016 respectively) marked as lien for guarantees issued by banks on behalf of the Group. (Refer note 34))			
Total	**8,469**	**16,391**	**13,089**

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14. Other bank balances

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Current			
On unpaid dividend accounts	64	93	105
Deposit with original maturity for more than 3 months but less than 12 months (Deposit includes fixed deposits with banks Rs. 278 lakhs (Rs. 600 lakhs and Rs. 510 lakhs as at December 31, 2016 and January 1, 2016 respectively) marked as lien for guarantees issued by banks on behalf of the Group. (Refer note 34))	4,645	1,265	1,982
Total	**4,709**	**1,358**	**2,087**

15. Loans

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Current			
Considered good unless otherwise stated			
Loans to employees	392	369	378
Total	**392**	**369**	**378**

16. Other financial assets

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Current			
Unsecured, considered good, unless otherwise stated			
Security and other deposits	2,462	268	1,023
Accrued revenue	8,242	7,583	5,024
Interest accrued on deposits	13	55	41
Fair value of foreign currency forward contract	1,444	1,878	419
Application for investment in mutual fund	-	700	-
Others	1,727	689	930
Total	**13,888**	**11,173**	**7,437**

17. Other current assets

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Current			
Asset held for sale*	318	318	318
Prepaid rent	230	223	51
Prepaid expense	1,072	1,582	909
Balances with government authorities	1,622	965	1,068
Total	**3,242**	**3,088**	**2,346**

*The Group has classified a building premise as asset held for sale at its carrying value Rs. 318 lakhs. The Group has actively marketed the premise. The premise has been classified as unallocable as the Group believes that it is currently not practicable to allocate the premise to any segment.

18. Share capital

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Authorised capital:			
100,000,000 Equity Shares of Re.1 each (100,000,000 equity shares of Re. 1 each as on December 31, 2016 and 100,000,000 equity shares of Re. 1 each as on January 1, 2016)	1,000	1,000	1,000
Issued, subscribed and paid up:			
71,704,928 Equity Shares of Re. 1 each fully paid up (71,335,358 equity shares of Re.1 each as on December 31, 2016 and 71,209,103 equity shares of Re.1 each as on January 1, 2016)	717	713	712
Total	**717**	**713**	**712**

(a) Reconciliation of equity 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)	713	71,335,358
Add : Issued during the year- Under employee stock option scheme (ESOS) (Refer note 44)	4	369,570
Outstanding at the end of the year	**717**	**71,704,928**

Particulars	As at December 31, 2016	
	Rupees in lakhs	Nos.
At the beginning of the year (face value of Re. 1 per share)	712	71,209,103
Add : Issued during the year- Under employee stock option scheme (ESOS) (Refer note 44)	1	126,255
Outstanding at the end of the year	**713**	**71,335,358**

(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. 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/ultimate holding and/ or their subsidiaries

Out of equity shares issued by the Company, shares held by its holding company, ultimate holding Company and their subsidiaries/ associates are as below:

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Group Holding of the S&P Global Inc.			
31,209,480 equity shares of Re.1 each fully paid held by S&P India, LLC, Fellow Subsidiary (31,209,480 equity shares of Re. 1 each as at December 31, 2016 and January 1, 2016)	312	312	312
10,623,059 Equity Shares of Re.1 each fully paid held by S&P Global Asian Holdings Pte. Limited, Fellow Subsidiary (10,623,059 equity shares of Re. 1 each as at December 31, 2016 and January 1, 2016)	106	106	106

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(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
6,000,000 Equity Shares of Re.1 are held by Standard & Poor's International LLC, Fellow Subsidiary (6,000,000 equity shares of Re. 1 each as at December 31, 2016 and January 1, 2016)	60	60	60
Total	**478**	**478**	**478**

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
	Nos.	Nos.	Nos.
Equity shares bought back by the company			
Aggregate number of equity shares bought back by the Company (In last five years)	1,421,932	1,421,932	1,421,932
Aggregate number of bonus shares and shares issued for consideration other than cash by the Company.	Nil	Nil	Nil

(e) 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.
Equity shares of Re. 1 each fully paid		
1. Group Holding of the S&P Global Inc.		
a) S&P India, LLC	43.52%	31,209,480
b) S&P Global Asian Holdings Pte. Limited	14.81%	10,623,059
c) Standard & Poor's International LLC	8.37%	6,000,000
2. Jhunjhunwala Rakesh and Rekha	5.53%	3,965,000
3. Life Insurance Corporation of India	5.45%	3,908,261

Name of the shareholder	As at December 31, 2016	
	% holding in the class	Nos.
Equity shares of Re. 1 each fully paid		
1. Group Holding of the S&P Global Inc.		
a) S&P India, LLC	43.75%	31,209,480
b) S&P Global Asian Holdings Pte. Limited	14.89%	10,623,059
c) Standard & Poor's International LLC	8.41%	6,000,000
2. Jhunjhunwala Rakesh and Rekha	5.61%	4,000,000
3. Life Insurance Corporation of India	1.70%	1,213,086

Name of the shareholder	As at January 1, 2016	
	% holding in the class	Nos.
Equity shares of Re. 1 each fully paid		
1. Group Holding of the S&P Global Inc.		
a) S&P India, LLC	43.83%	31,209,480
b) S&P Global Asian Holdings Pte. Limited	14.92%	10,623,059
c) Standard & Poor's International LLC	8.42%	6,000,000
2. Jhunjhunwala Rakesh and Rekha	5.62%	4,000,000
3. Life Insurance Corporation of India	1.08%	765,735

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(f) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option scheme (ESOS) of the Company (Refer note 44).

(g) Capital management

The Group is predominantly equity financed and continues to maintain adequate amount of liquidity to meet strategic and growth objectives. The Group manages its capital to ensure that it will be able to continue as going concerns while maximising the return to its stakeholders. The Group has ensured a balance between earning adequate returns on treasury asset and need to cover financial and business risk. The Group actively monitors its portfolio and has a policy in place for investing surplus funds. Appropriate limits and controls are in place to ensure that investments are made as per policy. The Group has a overdraft facility with banks to support any temporary funding requirements which has not been utilised as at December 31, 2017

Explanation of reserves:

a) General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the Statement of Profit and Loss.

b) Securities premium reserve

The amount received in excess of face value of the equity shares is recognised in securities premium reserve.

c) Capital reserve

Any profi t or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve

d) Share based payment reserve

The share based payment reserve account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to share premium upon exercise of stock options by employees.

e) Other comprehensive income (OCI)

Other comprehensive income includes equity Instruments through OCI, Hedge reserve and actuarial gains and losses form part of remeasurement of net defined benefit liability/ assets.

Hedge reserve -These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in OCI and accumulated under the hedging cash flow hedge reserve, net of applicable deferred income taxes.

f) Foreign currency monetary items translation

Exchange differences arising on translation of the long-term monetary assets is accumulated in separate reserve within equity. The cumulative amount is reclassified to the statement of Profit and loss over the life of the monetary asset on a straightline basis.

g) Captal redemption reserve

The Company has recognised capital redemption reserve on buyback of equity shares from its retained earnings in 2015. The amount in capital redemption reserve is equal to nominal amount of the equity shares bought back.

h) Special Economic Zone (SEZ) reinvestment reserve

The Special Economic Zone (SEZ) reinvestment reserve has been created out of the profit of eligible SEZ units in terms of the provisions of Section 10 AA(1)(ii) of the Income Tax Act, 1961. The reserve should be utilised by the Company for acquiring new plant and machinery for the purpose of business in terms of Section 10 AA(2) of the Income Tax Act, 1961.

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19. Other financial liabilities

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Non current			
Sundry deposits	149	-	-
Others	263	115	692
Total	**412**	**115**	**692**

20. Other non-current liabilities

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Non current			
Unearned revenue and fees received in advance	48	16	8
Total	**48**	**16**	**8**

21. Provisions

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Non current			
Provision for gratuity (Refer note 38)	1,288	1,335	925
Total	**1,288**	**1,335**	**925**

22. Trade payables

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Current			
Total outstanding dues of micro enterprises and small enterprises (Refer note 23)	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,671	4,286	3,735
Total	**5,671**	**4,286**	**3,735**

23. 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.

24. Other financial liabilities

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Current			
Employee related payables	14,592	13,938	12,059
Unpaid Dividend (Investor education and protection fund will be credited as and when due)	64	93	105
Others	132	215	153
Total	**14,788**	**14,246**	**12,317**

25. Other current liabilities

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Current			
Statutory libilities	3,955	3,797	4,055
Unearned revenue and fees received in advance	11,231	9,922	10,008
Total	**15,186**	**13,719**	**14,063**

26. Provisions

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Current			
Provision for compensated absences	5,566	4,968	4,372
Provision for gratuity (Refer note 38)	654	436	397
Total	**6,220**	**5,404**	**4,769**

27. Income from operations

(Rupees in lakhs)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Ratings services	48,029	46,764
Research services	108,039	100,381
Advisory services	9,778	7,606
Total	**165,846**	**154,751**

28. Other income

(Rupees in lakhs)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Interest on bank deposits	83	218
Profit on sale of fixed assets	71	126
Interest income on financial assets carried at amortised cost	254	248
Dividend on non-current investments	328	47
Foreign exchange gain	-	945
Profit on sale of current investments	1,468	2,552
Profit on fair valuation of current investments	38	559
Miscellaneous income	261	219
Grant income	35	53
Total	**2,538**	**4,967**

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29. Employee benefits expenses

(Rupees in lakhs)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Salaries, wages and bonus	74,375	69,673
Share based payment to employees	1,762	1,627
Contribution to provident and other funds	4,585	4,388
Contribution to gratuity fund (Refer note 38)	1,038	566
Staff training and welfare expenses	2,833	2,520
Total	**84,593**	**78,774**

30. Finance cost

(Rupees in lakhs)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Interest expense on bank overdraft	41	-
Total	**41**	**-**

31. Other expenses

(Rupees in lakhs)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Repairs and maintenance - Buildings	1,479	1,502
Repairs and maintenance - Others	1,020	938
Electricity	1,125	1,031
Communication expenses	1,025	1,034
Insurance	96	74
Rent (Refer note 37)	5,853	5,801
Rates and taxes	140	63
Printing and stationery	373	383
Conveyance and travelling	4,733	4,123
Books and periodicals	912	936
Remuneration to non-whole time directors	152	130
Business promotion and advertisement	292	289
Foreign exchange loss	1,573	-
Professional fees	8,590	6,810
Associate service fee	4,239	4,273
Software purchase and maintenance expenses	790	819
Provision for doubtful debts / bad debts	1,448	1,382
Corporate social responsibility (CSR) expenses (Refer note 42)	734	616
Auditors' remuneration	144	208
Recruitment expenses	446	680
Sales commission	37	35
Miscellaneous expenses	524	517
Total	**35,725**	**31,644**

32. Financial risk management

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in note 33. The main types of risks are market risk (foreign currency exchange rate risk and price risk), business and credit risks and liquidity risk. The Group has in place a robust risk management policy with overall governance and oversight from the Audit Committee and Board of Directors. Risk Assessment is conducted periodically and the Group has a mechanism to identify, assess, mitigate and monitor various risks to key business objectives.

The policies for managing specific risk are summarised below:-

32.1 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, interest rates, price and other market changes, the Group exposure to market risk is mainly due to foreign exchange rates and price risk.

Foreign currency exchange rate risk

Our exposure to market risk includes changes in foreign exchange rates. Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in US dollars (USD), EURO, and Pounds Sterling (GBP). As of December 31, 2017 and December 31, 2016, we have entered into foreign exchange forward contracts to hedge the effect of adverse fluctuations in foreign currency exchange rates. The details in respect of the outstanding foreign exchange forward contracts are given under note 33.

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

Particulars	As at December 31, 2017 (Foreign currency in '000)		As at December 31, 2017 (Rupees in lakhs)	
	Financial		Financial	
	Assets	Liabilities	Assets	Liabilities
USD	12,199	340	7,817	218
GBP	3,624	-	3,106	-
EURO	3,383	-	2,571	-
Others	17,547	724	310	67

Particulars	As at December 31, 2016 (Foreign currency in '000)		As at December 31, 2016 (Rupees in lakhs)	
	Financial		Financial	
	Assets	Liabilities	Assets	Liabilities
USD	18,118	283	12,305	191
GBP	348	-	293	-
EURO	2,664	14	1,886	10
Others	16,348	944	186	90

For the year ended December 31, 2017, every 5% increase/decrease of the respective foreign currencies compared to functional currency of the Group would impact operating margins by Rs. 676 lakhs (+/- 1.49%) For the year ended December 31, 2016, operating margins would increase/decrease by Rs. 719 lakhs (+/-1.62%). 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 Group'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 Group has adopted disciplined practices including position sizing, diversification, valuation, loss prevention, due diligence, and exit strategies in order to mitigate losses.

The Group is exposed price risk arising mainly from investments in mutual funds recognised at FVTPL. The details of such investment are given under Note 7. If the prices had been higher/lower by 5% from the market prices existing as at reporting dates, profit would increase/decrease by Rs. 697 lakhs and Rs. 2,148 lakhs for the year ended December 31, 2017 and for the year ended December 31, 2016 respectively.

The Group is exposed to price risk arising mainly from investments in quoted equity instruments recognised at FVTOCI. The details of such investment are given under Note 7. If the equity prices had been higher/lower by 5% from the market prices existing as at December 31, 2017, OCI for the year ended December 31, 2017 would increase/decrease by Rs.1,747 lakhs.

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32.2 Liquidity risk

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

Liquidity risk management

The Group continues to maintain adequate amount of liquidity/treasury to meet strategic and growth objectives. The Group has ensured a balance between earning adequate returns on liquidity/treasury assets and the need to cover financial and business risks. Group'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 Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

The short term treasury position of the Group is given below:

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016
Trade receivables	26,042	20,730
Cash and cash equivalents	8,469	16,391
Other bank balances	4,709	1,358
Investments in mutual funds	13,933	42,952
Total	**53,153**	**81,431**

Financial liabilities maturing within one year:

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016
Trade payables	5,671	4,286
Others	14,788	14,246
Total	**20,459**	**18,532**

32.3 Business and credit risks

To mitigate the risk arising from high dependence on any one business for revenues, the Group has adopted a strategy of diversifying in new products/services and into different business segments. To address the risk of dependence on a few large clients and a few sectors in the business segments, the Group has also 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 Group. The Group is exposed to this risk for receivables from customers.

To manage credit risk, the Group 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 Group uses a provision margin to compute the expected credit loss allowance for trade receivables. Further, the Group doesn't have significant credit risk exposure to any single counter party or a group of counter parties and have adequate provision for credit risk/bad debts. Trade receivables are monitored on periodic basis for any non-recoverability of the dues. Bank balances are held with only high rated banks.

(Rupees in lakhs)

Receivables	As at December 31, 2017	As at December 31, 2016
<= 6 months	25,003	19,761
> 6 months but <= 1 year	3,453	2,942
> 1 year	-	-
Provision for doubtful receivables	(2,414)	(1,973)

33. 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	Amortised cost	Financial assets/ liabilities at FVTPL		Financial assets/ liabilities at FVTOCI		Derivative instruments in hedging relationship	Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory			
Assets								
Investments								
Quoted equity investments	-	-	-	34,940	-	-	34,940	34,940
Unquoted equity investments	-	-	-	3,671	-	-	3,670	3,670
Mutual funds	-	-	13,933	-	-	-	13,933	13,933
Cash and cash equivalents	8,469	-	-	-	-	-	8,469	8,469
Other bank balances	4,709	-	-	-	-	-	4,709	4,709
Trade receivables	26,042	-	-	-	-	-	26,042	26,042
Loans	392	-	-	-	-	-	392	392
Other financial assets	13,928	-	-	-	-	1,444	15,372	15,372
Total	**53,540**	**-**	**13,933**	**38,611**	**-**	**1,444**	**107,527**	**107,527**
Liabilities								
Trade payables	5,671	-	-	-	-	-	5,671	5,671
Other financial liabilities	15,200	-	-	-	-	-	15,200	15,200
Total	**20,871**	**-**	**-**	**-**	**-**	**-**	**20,871**	**20,871**

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

(Rupees in lakhs)

Particulars	Amortised cost	Financial assets/ liabilities at FVTPL		Financial assets/ liabilities at FVTOCI		Derivative instruments in hedging relationship	Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory			
Assets								
Investments								
Quoted equity investments	-	-	-	-*	-	-	-*	-*
Unquoted equity investments	-	-	-	3,557	-	-	3,557	3,557
Mutual funds	-	-	42,952	-	-	-	42,952	42,952
Cash and cash equivalents	16,391	-	-	-	-	-	16,391	16,391
Other bank balances	1,358	-	-	-	-	-	1,358	1,358
Trade receivables	20,730	-	-	-	-	-	20,730	20,730
Loans	369	-	-	-	-	-	369	369
Other financial assets	12,631	-	-	-	-	1,878	14,509	14,509
Total	**51,479**	**-**	**42,952**	**3,557**	**-**	**1,878**	**99,866**	**99,866**
Liabilities								
Trade payables	4,286	-	-	-	-	-	4,286	4,286
Other financial liabilities	14,361	-	-	-	-	-	14,361	14,361
Total	**18,647**	**-**	**-**	**-**	**-**	**-**	**18,647**	**18,647**

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

(Rupees in lakhs)

Particulars	Amortised cost	Financial assets/ liabilities at FVTPL		Financial assets/ liabilities at FVTOCI		Derivative instruments in hedging relationship	Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory			
Assets								
Investments								
Quoted equity investments	-	-	-	-*	-	-	-*	-*
Unquoted equity investments	-	-	-	3,040	-	-	3,039	3,039
Mutual funds	-	-	39,091	-	-	-	39,091	39,091
Cash and cash equivalents	13,089	-	-	-	-	-	13,089	13,089
Other bank balances	2,087	-	-	-	-	-	2,087	2,087
Trade receivables	19,122	-	-	-	-	-	19,122	19,122
Loans	378	-	-	-	-	-	378	378
Other financial assets	9,466	-	-	-	-	419	9,885	9,885
Total	**44,142**	**-**	**39,091**	**3,040**	**-**	**419**	**86,691**	**86,691**
Liabilities								
Trade payables	3,735	-	-	-	-	-	3,735	3,735
Other financial liabilities	13,009	-	-	-	-	-	13,009	13,009
Total	**16,744**	**-**	**-**	**-**	**-**	**-**	**16,744**	**16,744**

* '-' in amounts' columns denote amount less than Rs. 50,000

Fair value hierarchy

For financial reporting purpose, fair value measurements are categorised 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:									
A.	Investments at FVTPL									
	1. Mutual Funds	13,933	-	-	42,952	-	-	39,091	-	-
B.	Investments at FVTOCI									
	1. Quoted equity shares	34,940	-	-	-*	-	-	-*	-	-
	2. Unquoted equity shares	-	-	3,671	-	-	3,557	-	-	3,040
C.	Forward contracts receivable	-	1,444	-	-	1,878	-	-	419	-

* '-' in amounts' columns denote amount less than Rs. 50,000

Derivative financial instruments and hedging activity

The Group's risk management policy is to hedge substantial amount of forecast transactions for each of the major currencies presently US$, GBP £ and Euro €. The hedge limits are governed by the risk management policy. The Group uses forward foreign exchange contracts to mitigate exchange rate exposure arising from forecast sales in foreign currencies. All forward exchange contracts have been designated as hedging instruments in cash flow hedges in accordance with Ind AS 109. Details of currency hedge and forward contract value are as under :

As at December 31, 2017

Type of hedge	Currency	Number of contracts	Nominal value (Foreign currency in '000)	Carrying amount of hedging instrument (Rupees in lakhs)	Maturity date	Weighted average strike price/rate	Changes in fair value of hedging instrument (Rupees in lakhs)	Change in the hedging item used as the basis for recognising hedge effectiveness (Rupees in lakhs)
Cash flow hedge								
i) Foreign exchange forward contracts	USD	27	61,421	41,693	Jan - Dec-18	67.88	1,487	(1,487)
	GBP	14	6,117	5,436	Jan - Dec-18	88.86	(15)	15
	EUR	12	3,661	2,865	Jan - Dec-18	78.26	(28)	28

As at December 31, 2016

Type of hedge	Currency	Number of contracts	Nominal value (Foreign currency in '000)	Carrying amount of hedging instrument (Rupees in lakhs)	Maturity date	Weighted average strike price/rate	Changes in fair value of hedging instrument (Rupees in lakhs)	Change in the hedging item used as the basis for recognising hedge effectiveness (Rupees in lakhs)
Cash flow hedge								
i) Foreign exchange forward contracts	USD	27	48,521	34,528	Jan - Dec-17	71.16	742	(742)
	GBP	14	9,071	8,733	Jan - Dec-17	96.27	907	(907)
	EUR	12	4,118	3,280	Jan - Dec-17	79.66	229	(229)

As at January 1, 2016

Type of hedge	Currency	Number of contracts	Nominal value (Foreign currency in '000)	Carrying amount of hedging instrument (Rupees in lakhs)	Maturity date	Weighted average strike price/rate	Changes in fair value of hedging instrument (Rupees in lakhs)	Change in the hedging item used as the basis for recognising hedge effectiveness (Rupees in lakhs)
Cash flow hedge								
i) Foreign exchange forward contracts	USD	15	38,548	26,544	Jan - Dec-16	68.86	116	(116)
	GBP	15	9,211	9,606	Jan - Dec-16	104.30	273	(273)
	EUR	14	4,526	3,428	Jan - Dec-16	75.73	30	(30)

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Movement in cash flow hedging reserve

(Rupees in lakhs)

Particulars	Foreign exchange forward contract
As at January 1, 2016	**274**
Add: Changes in fair value of effective portion of outstanding forcasted cash flow hedge	3,324
Less: Amounts reclassified to statement of profit or loss	(1,865)
Less: Tax relating to above (net)	(505)
As at December 31, 2016	**1,228**
Add: Changes in fair value of effective portion of outstanding forcasted cash flow hedge	3,904
Less: Amounts reclassified to statement of profit or loss	(4,338)
Less: Tax relating to above (net)	150
As at December 31, 2017	**944**

The Group uses foreign exchange forward contracts to hedge its exposure in foreign currency risk. Hedge is broadly classified as revenue hedge.

Revenue hedge: For forecasted revenue transaction, the Group will adopt cash flow hedge and record mark to market through OCI. Effective hedge is routed through OCI in the balance sheet and the ineffective portion is immediately routed through the statement of profit and loss.

Details of unhedged foreign exposure

Particulars	As at December 31, 2017 (Foreign currency in '000)		As at December 31, 2017 (Rupees in lakhs)	
Currency	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Monetary				
USD	12,199	340	7,817	218
GBP	3,624	-	3,106	-
EUR	3,383	-	2,571	-
Others	17,547	724	310	67
Total	**36,753**	**1,064**	**13,804**	**285**

Particulars	As at December 31, 2016 (Foreign currency in '000)		As at December 31, 2016 (Rupees in lakhs)	
Currency	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Monetary				
USD	18,118	283	12,305	191
GBP	348	-	293	-
EUR	2,664	14	1,886	10
Others	16,348	944	186	90
Total	**37,478**	**1,241**	**14,670**	**291**

Particulars	As at January 1, 2016 (Foreign currency in '000)		As at January 1, 2016 (Rupees in lakhs)	
Currency	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Monetary				
USD	9,981	814	6,631	538
GBP	84	-	83	-
EUR	2,640	12	1,913	9
Others	1,850	347	101	34
Total	**14,555**	**1,173**	**8,728**	**581**

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

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Contingent liabilities			
1. Bank guarantee in the normal course of business	3,051	952	2,411
2 Disputed income tax and sales tax demand:			
(i) Pending before appellate authorities in respect of which the Group is in appeal	4,263	4,504	4,422
(ii) Decided in the Group's favour by appellate authorities and department is in further appeal	1,232	1,232	352
	8,546	**6,688**	**7,185**
Capital commitment			
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	143	580	459
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 judgements pending at various authorities. The Group periodically receives notices and inquiries from income tax authorities related to the Group's operations in the juridictions of operations in. The Group 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 other than what has been provided or disclosed herein.			
Total	**8,689**	**7,268**	**7,644**

35. Segment reporting

Business segments:

The Group has three major business segments: Rating, Research and Advisory. A description of the types of products and services provided by each reportable segment is as follows:

Ratings – Rating services includes credit ratings for corporates, banks, bank loans, small and medium enterprises (SME), credit analysis services, grading services and global analytical services.

Research – Research segments includes global research and analytical services, industry reports, customised research assignments, subscription to data services, independent equity research (IER),IPO gradings and training.

Advisory – CRISIL provides advisory services and a comprehensive range of risk management tools, analytics and solutions to financial institutions, banks and corporates in India.

Segment reporting for the year ended December 31, 2017.

(Rupees in lakhs)

Particulars	Business segments			Total
	Ratings	Research	Advisory	
Operating revenue (Refer note 27)	48,029	108,039	9,778	165,846
Segment results	15,120	30,846	924	46,890
Add / (Less) Unallocables:				
1. Unallocable income				
Interest income				337
Profit on sale of current investments				1,468
Profit on sale of fixed asset				71

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(Rupees in lakhs)

Particulars	Business segments			Total
	Ratings	Research	Advisory	
Others*				662
2. Unallocable expenditure				(1,403)
3. Depreciation/ Amortisation				(4,664)
Profit before exceptional item				43,361
Exceptional item				-
Profit before tax				43,361
Tax expense				(12,918)
Profit after tax				30,443
Segment assets	7,526	59,131	7,201	73,858
Unallocable assets**				75,613
Segment liabilities	12,465	21,724	2,799	36,988
Unallocable liabilities**				7,626

Revenue and Total Assets by Geographic Segments

(Rupees in lakhs)

Geography	Revenue	Assets #
India	52,762	93,898
Europe	41,843	30,633
North America	57,844	12,830
Rest of the world	13,397	4,441
Total	**165,846**	**141,802**

Segment reporting for the year ended December 31, 2016

(Rupees in lakhs)

Particulars	Business segments			Total
	Ratings	Research	Advisory	
Operating revenue (refer note 27)	46,764	100,381	7,606	154,751
Segment results	14,268	32,633	(69)	46,832
Add / (Less) Unallocables :				
1. Unallocable income				
Interest income				466
Profit on sale of current investments				2,552
Profit on sale of fixed asset				126
Others*				1,823
2. Unallocable expenditure				(2,499)
3. Depreciation/ Amortisation				(5,452)
Profit before exceptional item				43,848
Exceptional item				-
Profit before tax				43,848
Tax expense				(14,415)
Profit after tax				29,433
Segment assets	6,985	60,460	5,970	73,415
Unallocable assets* *				65,109
Segment liabilities	11,837	20,472	2,155	34,464
Unallocable liabilities**				5,523

Revenue and Total Assets by Geographic Segments

(Rupees in lakhs)

Geography	Revenue	Assets #
India	46,243	83,707
Europe	46,368	32,628
North America	50,847	13,239
Rest of the world	11,293	5,288
Total	**154,751**	**134,862**

Notes to segmental results :

* Other income which have been allocated to business segments have not been considered in determining unallocable income. **Assets and liabilities used interchangeably between business segments have been classified as unallocable. The Company believes that it is currently not practical to allocate these assets and liabilities since a meaningful segregation of the available data is not feasible. #Total asset for the purpose of geographical segment does not include deferred tax asset and tax asset.

The top two customers of the research segment each contributed to more than 10% of the consolidated revenue of the Group.

The following table gives details in respect of revenues generated from top two customers:

(Rupees in lakhs)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Total revenue from top two customers	36,274	35,546

36. List of related parties

Particulars	Relationship
Related parties where control exists	
S&P Global Inc.	The Ultimate Holding Company
Other related parties	
S&P India, LLC	Fellow Subsidiary
Standard & Poor's LLC	Fellow Subsidiary
Standard & Poor's International LLC	Fellow Subsidiary
Standard & Poor's South Asia Services Private Limited	Fellow Subsidiary
S&P Global Asian Holdings Pte. Limited	Fellow Subsidiary
S&P Global Canada Corp.	Fellow Subsidiary
S&P Global International LLC	Fellow Subsidiary
S&P Global UK Limited	Fellow Subsidiary
Standard & Poor's Credit Market Services Europe Limited	Fellow Subsidiary
Standard & Poor's Financial Services, LLC	Fellow Subsidiary
Standard & Poor's Singapore Pte. Ltd.	Fellow Subsidiary
Standard & Poor's Hong Kong Limited	Fellow Subsidiary
Standard & Poor's (Australia) Pty. Ltd.	Fellow Subsidiary
Standard & Poor's Global Ratings Japan Inc.	Fellow Subsidiary
S&P Global Market Intelligence LLC	Fellow Subsidiary
S&P Global Market Intelligence Inc.	Fellow Subsidiary
Standard & Poor's Ratings Services	Fellow Subsidiary
Asia Index Private Limited	Fellow Subsidiary
J.D. Power and Associates (upto September 8, 2016)	Fellow Subsidiary
JM Financial Asset Reconstruction Company Private Limited (upto October 26, 2017)	Common Director
Global Healthcare Systems Private Limited*	Common Director
Care India Solutions for Sustainable Development*	Common Director
CRISIL Foundation	Controlled trust

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Particulars	Relationship
Key Management Personnel	
Ravinder Singhania	Alternate Director
Girish Paranjpe	Independent Director (with effect from October 17, 2017)
Nachiket Mor	Independent Director
Vinita Bali	Independent Director
M. Damodaran	Independent Director
H. N. Sinor	Independent Director (up to October 25, 2017)
Ewout Steenbergen	Director (with effect from October 17, 2017)
Martina Cheung	Director
John L Berisford	Chairman (with effect from October 17, 2017)
Douglas Peterson	Chairman (up to October 17, 2017)
Ashu Suyash	Managing Director and Chief Executive Officer
Amish Mehta*	Chief Financial Officer
Minal Bhosale*	Company Secretary

* Related Party under the Companies Act, 2013

Transactions with related parties

(Rupees in lakhs)

Name of the related party	Nature of transaction	Year ended December 31, 2017	Year ended December 31, 2016	As at January 1, 2016
S&P Global Canada Corp.	Professional services rendered	124	106	-
	Amount receivable	31	13	4
S&P Credit Market Services Europe Limited	Professional services rendered	4,396	4,056	-
	Amount receivable	659	706	621
	Reimbursement of expenses	4	-	-
Standard & Poor's Financial Services, LLC	Professional services rendered	11,384	11,401	-
	Amount receivable	-	18	18
	Subscription fees	-	5	-
Standard & Poor's Singapore Pte. Ltd.	Professional services rendered	646	498	-
	Amount receivable	52	52	-
Standard & Poor's Hong Kong Limited	Professional services rendered	235	195	-
	Amount receivable	17	20	15
Standard & Poor's (Australia) Pty. Ltd.	Professional services rendered	409	326	-
	Amount receivable	31	32	15
S&P Global Market Intelligence LLC	Subscription fees	219	216	-
	Amount receivable	343	-	-
	Professional services rendered	398	-	-
	Reimbursement of expenses paid	51	-	-
S&P India, LLC	Dividend	8,424	8,736	-
	Share capital outstanding	312	312	312
Standard & Poor's South Asia Services Private Limited	Reimbursement of expenses received	183	204	-
	Amount receivable	16	36	24

(Rupees in lakhs)

Name of the related party	Nature of transaction	Year ended December 31, 2017	Year ended December 31, 2016	As at January 1, 2016
Standard & Poor's Global Ratings Japan Inc.	Amount receivable	11	15	6
	Professional services rendered	144	122	-
Asia Index Private Limited	Reimbursement of expenses	1	1	-
Standard & Poor's International LLC	Dividend	1,620	1,680	-
	Share capital outstanding	60	60	60
	Professional Services Rendered	7	41	-
	Amount receivable	-	-	4
S&P Global Asian Holdings Pte. Limited	Dividend	2,862	2,968	-
	Share capital outstanding	106	106	106
"S&P Global Inc."	Reimbursement of expenses paid	23	-	-
	Reimbursement of expenses received	-	15	-
	Professional Services Rendered	202	161	-
	Rent expenses	151	81	-
	Amount receivable	28	32	-
S&P Global Market Intelligence Inc.	Professional Services Rendered	-	152	-
	Amount receivable	-	165	-
S&P Global UK Limited	Rent paid	41	-	-
	Amount payable	8	-	-
	Reimbursement of expenses paid	4	-	-
	Amount receivable	303	192	22
	Professional fees paid	110	102	-
	Professional services rendered	362	500	-
S&P Global International LLC	Amount receivable	-	-	25
J.D. Power and Associates (upto September 8, 2016)	Professional services rendered	-	8	-
JM Financial Asset Reconstruction Company Private Limited	Amount receivable (net)	-	-	6
	Professional services rendered	-	57	-
CRISIL Foundation	Donation	815	447	-
	Reimbursement of expenses received	35	-	-
Girish Paranjpe	Sitting fees and commission	7	-	-
Nachiket Mor	Sitting fees and commission	33	30	-
Vinita Bali	Sitting fees and commission	39	33	-
M. Damodaran	Sitting fees and commission	39	34	-
H. N. Sinor	Sitting fees and commission	34	32	-
Ashu Suyash*	Remuneration	596	514	-
Amish Mehta*	Remuneration	325	297	-
	Options granted (nos.)	25,000	-	-
Minal Bhosale*	Remuneration	86	87	-

*Note: As the future liability for gratuity and compensated absences is provided on an actuarial basis for the Group as a whole, the amount pertaining to directors is not included above.

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37. Operating lease

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

(Rupees in lakhs)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Lease Payment recognised in the statement of profit and loss	5,853	5,801
Future minimum lease payments :		
Not later than one year	5,248	4,524
Later than one year and not later than five years	6,411	9,819
Later than five years	2,071	3,790
Total	**13,730**	**18,133**

38. Gratuity and other post employment benefits plans

In accordance with the Payment of Gratuity Act, 1972 The Group provides for gratuity, a defined benefit retirement plan covering eligible employees (completed continuous services of five years or more) of the Group. 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 Group.

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

Net employee benefit expense recognised in statement of Profit and Loss and OCI:

(Rupees in lakhs)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Current service cost	529	465
Interest cost on defined benefit obligation	106	101
Re-measurement - actuarial (gain)/loss - recognised in OCI	(207)	360
Expected return on plan assets - recognised in OCI	(22)	(13)
Past service cost	403	-
Net gratuity benefit expense	**809**	**913**
Assumptions		
Interest rate	7.20%	6.50%

Balance Sheet:
Details of provision for gratuity benefit

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Present value of funded obligations	3,972	3,529	2,727
Fair value of plan assets	(2,030)	(1,758)	(1,405)
Net liability	**1,942**	**1,771**	**1,322**

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

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Opening defined benefit obligation	3,529	2,727	2,336
Current service cost	529	465	436
Interest cost	216	204	187
Acquisitions (credit)/ cost	14	119	-
Actuarial (gain)/loss	(62)	(11)	179
Actuarial (gain)/loss (financial assumptions)	(145)	371	-
Past service cost - plan amendements	403	-	-
Benefits paid	(512)	(346)	(411)
Closing defined benefit obligation	**3,972**	**3,529**	**2,727**

Changes in the fair value of plan assets are as follows:

(Rupees in lakhs)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Opening fair value of plan assets	1,758	1,405	1,324
Expected return on plan assets	22	13	118
Interest income on plan assets	110	103	-
Actuarial gain/ (loss)	-	-	9
Contribution by employer	652	421	365
Asset acquired on amalgamation/ acquisition	-	162	-
Benefits paid	(512)	(346)	(411)
Closing fair value of plan assets	**2,030**	**1,758**	**1,405**

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

Particulars	Rupees in lakhs
December 31, 2018	350
December 31, 2019	409
December 31, 2020	487
December 31, 2021	564
December 31, 2022 to December 31, 2027	4,367

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

Particulars	Year ended December 31, 2017	Year ended 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.

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

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Discount rate	7.20%	6.50%
Estimated rate of return on plan assets	7.20%	8.00%
Expected employee turnover		
Service years	**Rates**	**Rates**
Service < 5	20.00%	20.00%
Service => 5	10.00%	10.00%
Increment	10% for first 4 years starting 2017 and 7% thereafter	10% for first 4 years starting 2016 and 7% thereafter
Expected employer's contribution next year (Rupees in lakhs)	654	436

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	67.41%	56.05%
Fixed deposit, debentures and bond	2.89%	35.12%
Others	29.70%	8.83%
Total	**100.00%**	**100.00%**

The significant 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	(140)
Effect on DBO due to 0.5% decrease in Discount rate	150

Salary escalation rate	Rupees in lakhs
Effect on DBO due to 0.5% increase in Salary escalation rate	129
Effect on DBO due to 0.5% decrease in Salary escalation rate	(125)

Other Benefits

The Group has recognised the following amounts in the Statement of Profit and Loss:

(Rupees in lakhs)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
i. Contribution to Provident fund	1,722	1,613
ii. Contribution to other funds	2,863	2,775

The expenses for compensated absences have been recognised in the same manner as gratuity and a provision of Rs. 5,566 lakhs has been made as at December 31, 2017 (Rs. 4,968 lakhs as at December 31, 2016 and Rs. 4,372 lakhs as at January 1, 2016

39. Earning per share

The following reflects the profit and share data used in the basic and diluted earning per share (EPS) computations:

(Rupees in lakhs)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Net profit for calculation of basic/diluted EPS	30,443	29,433

(Rupees in lakhs)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Weighted average number of equity shares in calculating basic EPS	71,489,561	71,269,219
Effect of dilution:		
Add: weighted average stock options granted under ESOS	450,874	757,032
Weighted average number of equity shares in calculating diluted EPS	71,940,435	72,026,251

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
	Rupees	Rupees
Earnings per share : Nominal value of Re.1		
Basic	42.58	41.30
Diluted (On account of ESOS, refer note 44)	42.32	40.86

The following potential equity shares are anti-dilutive and there for excluded from the weighted average number of equity shares for the purpose of diluted EPS

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
	(Nos.)	(Nos.)
Options to purchase equity shares had anti-dilutive effect	60,838	19,870

40. Dividend

Details of Dividend paid on equity shares are as under:

(Rupees in lakhs)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Final dividend for the year 2016 Rs 9 per equity share of Re 1 each (Rs. 10 for the year ended December 31, 2015)	6,420	7,121
Dividend distribution tax on final dividend	1,307	1,450
Interim dividend for the year 2017 Rs 18 per equity share of Re 1 each (Rs. 18 for the year ended December 31, 2016)	12,881	12,834
Dividend distribution tax on interim dividend	2,467	2,613
Total	**23,075**	**24,018**

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Proposed dividend

The Board of Directors at its meeting held on February 13, 2018 have recommended a payment of final dividend of Rs. 10 per equity share of face value of Re. 1 each for the financial year ended December 31, 2017.

The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

41. Acquisition of Pragmatix

On November 15, 2017, CRISIL had entered into a definitive agreement to acquire 100% of the equity shares of Pragmatix Services Private Limited ('Pragmatix'). CRISIL has completed the acquisition of 100% stake in Pragmatix on January 24, 2018. Pragmatix is a data analytics company focused on delivering cutting edge solutions in the 'data to intelligence' lifecycle to the Banking, Financial Services & Insurance (BFSI) vertical. Its big data capabilities and advanced data models provide descriptive, prescriptive and predictive analytics delivered through its proprietary Enterprise Data Analytics Platform. Pragmatix provides solutions across the risk, sales, and finance domains in India, Middle East and North America. The transaction is at a total consideration of upto Rs. 5,600 lakhs. This will enable CRISIL to leverage its technology platform and deep domain expertise to enhance its business intelligence, analytics and risk management offerings for financial sector clients in India and globally.

42. Corporate Social Responsibility (CSR) expenses for the year ended 2017 includes Rs. 734 lakhs (Rs. 616 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. 684 lakhs (Rs 629 lakhs for the year ended December 31, 2016). Key CSR activities were "education and women empowerment – financial capability building" and "conservation of environment".

43. Personnel expenses to the extent of Rs. 679 lakhs (Rs. 52 lakhs for the year ended December 31, 2016) is considered for capitalisation as intangible assets.

44. Employee stock option scheme ("ESOS")

The Group has formulated an ESOS based on which employees are granted options to acquire the equity shares of the parent company that vests in a graded manner. The options are granted at the closing market price prevailing on the stock exchange, immediately prior to the date of grant. Details of the ESOS granted are as under :

Particulars	Date of grant	No. of options granted	Exercise price (Rupees)	Graded vesting period :			Weighted average price (Rupees)**
				1st Year	2nd Year	3rd Year	
ESOS 2014 (1)	17-Apr-14 *	2,860,300	1,217.20	953,433	953,433	953,434	469.48
ESOS 2014 (2)	01-Jun-15 *	71,507	2,101.10	23,835	23,835	23,837	708.36
ESOS 2012 (1)	16-Apr-12	903,150	1,060.00	180,630	361,260	361,260	320.59
ESOS 2012 (2)	16-Apr-12	5,125	1,060.00	5,125	-	-	230.97
ESOS 2012 (3)	14-Feb-14	123,000	1,119.85	24,600	49,200	49,200	334.20
ESOS 2011 (1)	14-Feb-11	1,161,000	579.88	232,200	464,400	464,400	185.21
ESOS 2011 (2)	14-Feb-11	23,750	579.88	23,750	-	-	149.41
ESOS 2011 (3)	3-Oct-14	33,000	1,985.95	6,600	13,200	13,200	583.69
ESOS 2011 (4)	25-Feb-15	22,000	2,025.20	4,400	8,800	8,800	515.78
ESOS 2011 (5)	16-Dec-16	194,200	2,180.85	38,840	77,680	77,680	621.74
ESOS 2012 (4)	16-Dec-16	47,800	2,180.85	9,560	19,120	19,120	621.74
ESOS 2014 (3)	16-Dec-16*	82,100	2,180.85	27,093	27,093	27,914	734.46
ESOS 2014 (4)	09-Mar-17*	13,400	1,997.35	4,422	4,422	4,556	680.28
ESOS 2014 (5)	17-Jul-17*	25,000	1,956.55	8,250	8,250	8,500	626.51

* At the end of 3rd, 4th & 5th year in equal tranches

**Weighted average price of options as per Black -Scholes Option Pricing model at the grant date.

The Group had three schemes under which options have been granted in the past. Under ESOS 2011 and ESOS 2012 option vest over three years at each of the anniversaries. All options are exercisable within three years from the date of vesting and are settled in equity on exercise.

Under ESOS 2014 options vest over five years starting from third anniversary of the grant. Options are exercisable within two years from the date of vesting and are settled in equity on exercise.

Particulars	ESOS - 2011		ESOS - 2012		ESOS - 2014	
	Number of options	Wtd. avg. exercise price (Rupees)	Number of options	Wtd. avg. exercise price (Rupees)	Number of options	Wtd. avg. exercise price (Rupees)
Outstanding at the beginning of the period	252,700	2,119.67	131,790	1,502.86	1,895,607	1,292.28
Granted during the period	-	N.A.	-	N.A.	38,400	1,970.79
Forfeited during the period	22,000	2,025.20	11,480	1,060.00	188,306	1,217.20
Exercised during the period	3,500	579.88	41,960	1,078.26	323,560	1,217.20
Expired during the period	-	N.A.	-	N.A.	-	N.A.
Outstanding at the end of the period	227,200	2,152.54	78,350	1,767.15	1,422,141	1,337.62
Exercisable at the end of the period	71,840	2,091.32	40,110	1,372.73	298,748	1,217.20

Particulars	Date	Wtd. avg. exercise price (Rupees)
Weighted average share price at the date of exercise.	April 19, 2017	2,014.57
	July 18, 2017	1,902.94
	October 17, 2017	1,840.77

Particulars	Range of exercise prices Rupees	Wtd. avg. remaining contractual life
Range of exercise prices and weighted average remaining contractual life.	1,060.00	105 days
	1,119.85 to 1,997.35	1208 days
	2,025.20 to 2,180.85	1855 days

Share options granted during the period, the weighted average fair value of those options at the measurement date and information on how that fair value was measured:

Variables	ESOS 2014	ESOS 2014
Date of Grant	July 17, 2017	March 9, 2017
Stock Price (Rupees)	1,956.55	1,997.35
Volatility	27.15%	27.85%
Riskfree Rate	6.58%	6.97%
Exercise Price (Rupees)	1,956.55	1,997.35
Expected Life (Time to Maturity)	5.01	5.01
Dividend yield	1.38%	1.15%
Fair value per option	626.51	680.28

The Group has used Black-Scholes option pricing model for the purpose estimating fair value of the options granted during the year.

Volatility: Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during the period. The measure of volatility is used in the Black Scholes option-pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. The Company considered the daily historical volatility of the Company's stock price on NSE over the expected life of each vest.

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Riskfree rate: The risk-free rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.

Expected life of the options: Expected Life of the options is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life of the option is the maximum period after which the options cannot be exercised. The Company have calculated expected life as the average of the minimum and maximum life of the options.

Dividend yield: Expected dividend yield has been calculated as an total of Interim and final dividend declared in last year preceding date of Grant.

Cash inflow on exercise of options and weighted average share price at the date of exercise.

Particulars	Year ended December 31, 2017		Year ended December 31, 2016	
	Numbers	Rupees in lakhs	Numbers	Rupees in lakhs
Exercised during the year	369,020	4,411	122,665	1,294
Exercised during the previous year	550	6	3,590	31
Total	**369,570**	**4,417**	**126,255**	**1,325**

There are no cash settled plans implemented by the Company and hence there is no further liability booked in the books.

The estimates of future cash inflow that may be received upon exercise of options.

Particulars	Year ended December 31, 2017		Year ended December 31, 2016	
	Numbers	Rupees in lakhs	Numbers	Rupees in lakhs
Not later than Two Year	1,609,972	22,831	1,461,007	19,716
Later than Two Year & not later than Five Years	117,719	2,467	819,090	12,117
Total	**1,727,691**	**25,298**	**2,280,097**	**31,833**

45. Statement pursuant to details to be furnished for subsidiaries as prescribed by Companies Act, 2013

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Rupees in lakhs	As % of consolidated profit or loss	Rupees in lakhs
1	2	3	4	5
Parent: CRISIL Limited	76.68%	81,170	77.94%	23,726
Subsidiaries				
Indian				
1. CRISIL Risk and Infrastructure Solutions Limited	5.70%	6,029	1.79%	544
Foreign				
1. CRISIL Irevna Argentina S.A.	1.28%	1,355	1.07%	325
2. CRISIL Irevna Poland SP.Zo.o.	0.51%	539	0.32%	96
3. CRISIL Irevna UK Limited	27.11%	28,696	27.96%	8,513
4. CRISIL Irevna USA LLC	1.25%	1,321	1.21%	368
5. CRISIL Irevna Information Technology (Hangzhou) Co. Ltd.	0.61%	648	0.58%	176
6. Coalition Development Limited	3.27%	3,462	19.25%	5,861
7. Coalition Development Singapore Pte Limited	0.44%	462	0.78%	238
Total elimination/adjustment	(16.85)%	(18,825)	(30.90)%	(9,404)
TOTAL	**100.00%**	**104,857**	**100.00%**	**30,443**

46. Pipal Research Analytics and Information Services India Private Limited, Mercator Info-Services India Private Limited and Coalition Development Systems (India) Private Limited (referred to as 'transferor entities') have been amalgamated with the Company with effect from April 1, 2016 ('appointed date') in terms of the scheme of amalgamation ('the scheme') approved by the Hon'ble Bombay High Court, vide order dated September 8, 2016. Pursuant thereto all assets and liabilities of transferor have been transferred to and vested in the Company retrospectively with effect from April 1,2016.

On the above amalgamation, goodwill on consolidation pertaining to these entities have been adjusted from the reserves and surplus in accordance with the scheme.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date

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

Khushroo B. Panthaky
Partner
Membership No.: 42423

Date: February 13, 2018
Place: Mumbai

For and on behalf of the Board of Directors of CRISIL Limited

M. Damodaran
Director
[DIN: 02106990]

Vinita Bali
Director
[DIN: 00032940]

Girish Paranjpe
Director
[DIN: 02172725]

Martina Cheung
Director
[DIN: 07551069]

John L Berisford
Chairman
[DIN: 07554902]

Ashu Suyash
Managing Director and Chief Executive Officer
[DIN: 00494515]

Ewout Steenbergen
Director
[DIN: 07956962]

Nachiket Mor
Director
[DIN: 00043646]

Amish Mehta
Chief Financial Officer

Minal Bhosale
Company Secretary

Date: February 13, 2018
Place: Mumbai

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Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rupees in lakhs)

Sl. No.	1	2	3	4	5	6	7	8
Name of the subsidiary	CRISIL Risk and Infrastructure Solutions Limited	CRISIL Irevna Argentina S.A.	CRISIL Irevna Poland SP.Zo.o.	CRISIL Irevna UK Limited	CRISIL Irevna USA LLC	CRISIL Irevna Information Technology (Hangzhou) Co. Ltd.	Coalition Development Limited	Coalition Development Singapore Pte Limited
The date since when subsidiary was acquired/ Investment in subsidiary	4-Aug-00	21-May-07	14-Nov-08	19-Oct-04	19-Oct-04	22-Jul-10	3-Jul-12	3-Jul-12
Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	December 31, 2017	December 31, 2017	December 31, 2017	December 31, 2017	December 31, 2017	December 31, 2017	December 31, 2017	December 31, 2017
Reporting currency	INR	ARS	PLN	GBP	USD	CNY	GBP	SGD
Share capital	500	89	9	4,441	-*	247	151	-*
Reserves & surplus	5,529	1,266	530	24,255	1,321	401	3,311	462
Total assets	9,178	1,593	1,237	35,471	13,051	822	8,969	1,342
Total liabilities	9,178	1,593	1,237	35,471	13,051	822	8,969	1,342
Investments	-	-	-	26,662	6	-	-*	-
Turnover	9,793	6,085	3,815	29,717	45,730	1,928	21,293	4,307
Profit before taxation	836	509	140	8,354	665	244	7,296	267
Tax expense	292	184	44	(159)	297	68	1,435	29
Profit after taxation	544	325	96	8,513	368	176	5,861	238
Dividend Paid	-	402	-	-	-	388	7,989	-
% of shareholding	100%	100%	100%	100%	100%	100%	100%	100%

*'-' in amounts' columns denote amount less than Rs. 50,000

For and on behalf of the Board of Directors of CRISIL Limited

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Director
[DIN: 07956962]

Minal Bhosale
Company Secretary

Amish Mehta
Chief Financial Officer

Date: February 13, 2018
Place: Mumbai