

# Directors' Report

Dear Member,

The Directors are pleased to present to you the 31st Annual Report of CRISIL Limited, along with the audited financial statements, for the year ended December 31, 2017. The year marked the completion of three decades of CRISIL. It is a matter of pride to have been at the forefront of India's financial services sector since executing India's first corporate sector rating in 1988. Today, CRISIL has ratings on more than 25,000 large and mid-scale corporates and financial institutions in India and serves more than 90% of India's banking industry by asset base through research services. Our Global Risk & Analytics business is a leading provider of research and analytics with deep domain expertise in Financial Research and Risk & Analytics and covers over 3,300 stocks and 3,400 credits globally. We provide research support to more than 75 global banks and 50 buy-side firms. Our Coalition business provides business intelligence and high end analytics to more than 20 corporate and investment banks, including the top 15 globally. We have a well diversified research team operating from offices across US, UK, Argentina, China, Poland and India.

2017 was a year to reflect and introspect on our achievements, our capabilities, and a milestone that marks our growth and evolution as an agile and innovative global analytics company. This Report provides you insights on our enhanced market relevance, global market footprint, new services, our collaborations, our focus on innovation and technology and overall excellence across our operations.

## Financial performance

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

(Rs. in crore)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Total income for the year was	1,683.84	1,597.18	1,213.32	1,173.93
Profit before interest, depreciation, exceptional items and taxes was	480.66	493.00	374.98	396.85
Finance cost	0.41	-	0.41	-
Deducting depreciation of	46.64	54.52	28.52	28.51
Profit before tax was	433.61	438.48	346.05	368.34
Deducting taxes of	129.18	144.15	108.79	128.05
Profit after tax was	304.43	294.33	237.26	240.29
Other comprehensive income	(77.42)	(24.71)	(85.17)	11.36
Total comprehensive income	227.01	269.62	152.09	251.65
<b>Appropriations are:</b>				
Final Dividend	64.20*	71.21**	64.20*	71.21**
Interim Dividend	128.81	128.34	128.81	128.34
Corporate dividend tax	37.74	40.63	37.74	40.63
Special Economic Zone reinvestment reserve	3.00	-	3.00	-
General reserve	-	20.45	-	20.45

\*Final dividend for the year 2016 Rs. 9 per equity share of Re 1 each.

\*\*Final dividend for the year 2015 Rs. 10 per equity share of Re 1 each.

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act. The financial statements up to and for the year ended December 31, 2016, were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act ('Previous GAAP'). The 2017 financial statements are the first financial statements of the Company under Ind AS. In accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the previous presentation of financial statements of share holders total equity

as at December 31, 2016, and January 1, 2016, and of the total comprehensive income for the year ended December 31, 2016, of the Company as a part of financial statements under Previous GAAP to Ind AS. There are no material departures from the prescribed norms stipulated by the Accounting Standards in preparation of the Annual Accounts. Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis. The Company discloses consolidated and standalone financial results on a quarterly basis which are subjected to

limited review and publishes consolidated and standalone audited financial results on an annual basis.

**a) Consolidated operations**

Revenue from the consolidated operations of the Company for the year was Rs. 1,683.84 crore, 5% higher than Rs. 1,597.18 crore in the previous year. Overall operational expenses for the year were Rs. 1,250.23 crore, against Rs. 1,158.70 crore in the previous year. EBITDA for the year was Rs. 455.28 crore, against Rs. 443.33 crore, in the previous year. Profit after tax for the year was Rs. 304.43 crore, against Rs. 294.33 crore in the previous year.

**b) Standalone operations**

Revenue from the standalone operations of the Company for the year was Rs. 1,213.32 crore, 3% higher than Rs. 1,173.93 crore in the previous year. Overall operational expenses for the year were Rs. 867.27 crore, against Rs. 805.59 crore in the previous year. Profit after tax for the year was Rs. 237.26 crore, against Rs. 240.29 crore in the previous year.

A detailed analysis on the Company's performance, both consolidated and standalone, is included in the Management's Discussion and Analysis Report, which forms part of this Annual Report.

**Dividend**

The Directors recommend for approval of the members at the Annual General Meeting to be held on April 17, 2018, payment of Final Dividend of Rs. 10 per equity share of face value of Re. 1 each for the year under review. During the year, the Company paid three interim dividends, each of Rs. 6 per equity share of face value of Re. 1 each. The total dividend for the year shall be Rs. 28 per share on a face value of Re. 1 per share in 2017 as against a total dividend of Rs. 27 per share on a face value of Re. 1 per share in the previous year.

**Increase in Issued, Subscribed and Paid-Up Equity Share Capital**

During the year, the Company issued and allotted 3,69,570 equity shares of the Company to eligible employees on exercise of options granted under Employee Stock Option Schemes of the Company. At the end of the year, the issued, subscribed and paid-up capital of the Company was 7,17,04,928 equity shares of Re. 1 each.

The movement of share capital during the year was thus, as under:

Particulars	No. of shares allotted / (extinguished)	Cumulative outstanding capital (No. of shares of Face Value Re. 1 each)
Capital at the beginning of the year i.e. as on January 1, 2017	-	7,13,35,358
Allotment of shares to employees on April 20, 2017 pursuant to exercise of options granted under the Employee Stock Option Scheme, 2011, and the Employee Stock Option Scheme, 2012	21,750	7,13,57,108
Allotment of shares to employees on July 18, 2017 pursuant to exercise of options granted under the Employee Stock Option Scheme, 2012, and the Employee Stock Option Scheme, 2014	2,70,417	7,16,27,525
Allotment of shares to employees on October 17, 2017 pursuant to exercise of options granted under the Employee Stock Option Scheme, 2012, and the Employee Stock Option Scheme, 2014	77,403	7,17,04,928
Capital at the end of the year i.e. as on December 31, 2017	-	7,17,04,928

**Segment-wise results**

The Company has identified three business segments, in line with the Indian Accounting Standard on Operating Segment (Ind AS-108), which comprise: (i) Ratings, (ii) Research, and (iii) Advisory. The audited financial results of these segments are provided as a part of financial statements.

## Directors' Report

### Review of Operations

#### A. Ratings

##### Highlights

- Announced 2,982 new Bank Loan Ratings (BLRs) during the year, taking the total BLRs outstanding past 12,000
- Launched India's first expected loss, or EL, rating scale for infrastructure projects and was the first to assign rating to a hybrid annuity model-based road project
- On-boarded large corporate entities into the portfolio and added several new marquee clients
- Cemented premier position in corporate bonds with year-on-year jump in market share
- Conducted 15,000 assessments in the MSME sector
- Conducted a series of high-profile franchise activities, which were covered extensively in media and were well-appreciated by stakeholders
- Enhanced engagement with S&P Global Ratings in surveillance and risk and regulatory support through Global Analytical Center

##### Business environment

India's business environment for the credit rating business overall was positive in 2017 vis-à-vis 2016, mainly due to improving credit quality of corporate India, higher share of capital market borrowings due to falling interest rates and continued growth of the retail financing industry. However, the industry was impacted by weak investment climate, elevated level of non-performing assets in the banking sector, the implementation of the Goods and Services Tax (GST), and the transient effect of demonetisation.

The capital market saw increased refinancing activity by non-banks and corporates. The corporate bond market witnessed ~14% volume growth year-on-year, most of it in the first two quarters. There were fewer issuances in the last two quarters. The dual rating requirement mandated by the Reserve Bank of India for companies issuing Rs. 1,000 crore or more of commercial paper kept activity buoyant in the third quarter.

Business environment picked up in the first and second quarters, given the waning effect of demonetisation, reduced borrowing costs, and expectation of a near-normal monsoon. However, private investment and wholesale credit offtake remained sluggish. Despite softer interest rates, wholesale credit growth remained muted through the year due to impaired balance sheets of banks and excess capacity in the industry. This, and the implementation of GST, led to postponement of corporate borrowings in 2017, and consequently, the BLR business witnessed a marginal decline.

While pressure on pricing and the transitory impact of GST implementation are likely to persist, we anticipate an uptick in the BLR business in 2018 on the back of increase in private investment and the Rs. 2.11 lakh crore recapitalisation plan for public sector banks.

For CRISIL's SME Ratings business, 2017 was a year of transformation because of withdrawal of subsidy under the Performance and Credit Rating Scheme. Initially, the focus shifted to maximising revenue from non-subsidy products and increasing cost-efficiencies with improvement in productivity parameters, optimum utilisation of resources, and higher automation. Then, in a major boost to digitisation, the business initiated online sourcing of mandates through a digital platform, smefirst.com, which provides easy access to proprietary SME assessments and evaluations, and enables end-to-end digitisation of the customer acquisition process.

Considerable emphasis was also laid on aligning business with market requirements, which resulted in the development and launch of new products such as Enhanced Due-Diligence (EDD) and i-Check. CRISIL also signed a memorandum of understanding with the Small Industries Development Bank of India to launch CriSidEx, India's first sentiment index for MSEs.

In 2018, the focus would be on non-retail originations for new products such as CRISIL Credit Assessment Score (CCAS), EDD and i-Check. The smefirst.com platform is also expected to provide a fillip to revenue by enhancing reach across India, thereby providing MSMEs with all forms of credit assessments in an extremely convenient manner. Further, process automation will drive cost efficiencies.

The medium to long-term outlook for the MSME sector is positive given that it is a high-priority area for the government and it is also trying to facilitate greater flow of credit to the segment.

##### Operations

CRISIL Ratings maintained its market leadership in 2017, driven by strong performance in bond ratings and client acquisitions. There were 2,982 new BLRs and about 15,000 MSME assessments during the year. Ratings have been assigned on more than 25,000 large and mid-scale corporates to date, in addition to over 125,000 SME ratings and assessments.

We increased our bond market share by closing new deals with some marquee corporate groups and capitalising on our relationship with existing clients. We also on-boarded 150+

new large corporate clients, giving us newer avenues to grow our business.

In 2017, we were the first to assign an EL rating for infrastructure projects. The EL INFRA product witnessed modest interest as it is early days in terms of acceptance by both the market and regulators. CRISIL Ratings was the first to rate a credit-enhanced discom bond, and also rated India's first road project based on the hybrid annuity model. Moreover, drawing from our deep understanding of credit cycle, we developed criteria and methodology for independent credit evaluation (ICE) of the sustainable portion of debt in stressed assets for banks and other financial institutions. Overall, we received promising responses for these innovations from the market.

We maintained our multi-pronged approach to stakeholder management. To strengthen our engagement with the issuer and investor community, we extensively engaged with their senior management, delivered sectoral presentations and leveraged the digital channel to share our thought leadership reports and periodical publications on a regular basis.

We strengthened our market presence by regularly hosting web conferences on topical matters, getting covered by premier news channels and engaged with industry associations through panel discussions and speaking assignments, or as knowledge partners at conferences.

We also extensively engaged and worked with regulators to put forth our opinions on rating standards and governance policies for the credit rating industry.

CRISIL Ratings successfully hosted an Investor Discussion Forum (IDF) under its 'Fin Insights' umbrella on the non-banking finance company (NBFC) sector. The IDF, titled 'NBFCs: Fortunes on the Uptrend', saw us present our insights on the sector and its underlying asset-classes such as housing finance, vehicle finance and wholesale finance. We discussed the emerging trends and challenges, and shared our views on the sector's growth trajectory and future expectations. The conference drew several eminent NBFC industry leaders and received positive feedback on content and execution.

CRISIL Ratings also organised a joint conference with S&P Global and CRISIL Research for the investor community – key personnel of mutual funds, insurance and wealth management institutions – wherein we discussed opinions on the global economy and the Indian banking sector. Furthermore, CRISIL Ratings partnered with S&P Global Ratings on joint meetings and pitches to clients. Additionally, jointly hosted the CRISIL-S&P Global Ratings annual seminar.

Other noteworthy franchise activities in 2017 included webinars on banking, renewable energy, roads sector and press releases on stressed assets, NPA resolution, municipal bonds and retailing.

We hosted the 'Ratings Regional Conclave', to deepen our engagement with both prospective and existing clients in Tier-II geographies, providing us a platform to present our views on relevant industry trends and have close discussions with the clients.

CRISIL Global Analytical Center (GAC) partnered with S&P Global Ratings on key criteria implementation and optimisation initiatives in the domains of data, public finance and EMEA structured finance, provided support to Platts, and launched new analytics products.

With the evolving global regulatory requirements, GAC continued its focus on strengthening its internal controls framework in collaboration with S&P Global Ratings' control functions. GAC's culture of continuous improvement has created ongoing efficiency gains for S&P Global Ratings through lean management tools, work standardisation and process re-engineering. This results in more consistent support levels across diverse geographies and asset classes.

## B. Research

### B.1. Global Research & Analytics (GR&A)

#### Highlights

- Financial Research business added new logos on both sell-side and buy-side, while the focus on automation and technology remained key
- Launched our unique research automation platform, SMART

Driven by strong performance in bond ratings and new client acquisitions, CRISIL Ratings maintained its market leadership in 2017



## Directors' Report

- Risk & Analytics reported strong business growth with diversification in existing accounts, acquisition of several key strategic clients, augmentation of portfolio of client offerings, and an encouraging market response for our services, designed to help clients satisfy various regulatory directives.
- Data Analytics segment witnessed growth, continuing to add new clients (including one of the biggest buy-side names in the market) and delivering analytical and innovative products and solutions to customers.

### Business environment

Regulatory developments across the globe were a major driver for the banking industry in 2017. In response to persistent cost pressures and squeezed margins, banks are closely monitoring and transforming their front, middle, and back-office operations in order to realise cost-efficiencies and differentiate their services. The upcoming implementation of the Markets in Financial Instruments Directive II (MiFID II) regulations is expected to impact sell-side securities research. However, it also presents new opportunities in the buy-side space as traditional active AMs are reviewing their investment and research cost models due to tight market conditions, downward trend of research charges, and increasing cost of regulatory compliance. Global Model Risk Management guidelines have started to converge, with the US supervisors' SR 11-7 guidelines serving as the benchmark. 2017 also witnessed continued regulatory scrutiny of banking institutions and fines for non-compliance with regulatory mandates, further exacerbating cost pressures.

Market appetite for GR&A's stress testing, model validation, regulatory change management, and financial crime and compliance (FCC) analytics continues to be strong. Further, SPARC a subscription service platform for Credit Risk Assessments found widespread acceptance with a number of large and mid-size banks. In addition, the industry is increasingly adopting advanced automation and analytics solutions such as machine learning (ML), artificial intelligence (AI) and big data, and streamlining data analysis practice.

Within the Data Analytics space, there is growing demand for technologically entrenched solutions involving big data analytics, higher order automation, natural language generation, and application of machine learning as businesses look towards making processes more efficient and differentiated from traditional data mining.

### Operations

In the Financial Research business, we managed to make inroads in regional and mid-tier bank segments in the US and the UK despite challenging business environment and

uncertainties surrounding MiFID II implementation. Buy-side continues to be a growth vertical – we have added multiple new logos in this segment (including one of the biggest asset managers in the world), and have significantly increased our market outreach in various geographies.

The Risk & Analytics business has started to reap meaningful returns from investments made in previous years. 2017 was a year of substantial growth for our FCC analytics and change management offerings, specifically for FRTB and risk data aggregation guidelines. We have witnessed growth in existing clients, as well as rapid ramp-up of services provided to three new clients added during the year. We continue to focus on knowledge management and process optimisation through various initiatives that have started to produce incisive outputs, allowing us to make our business processes more efficient and streamlined.

Our pursuit of an agenda focused on turning services into products continued in 2017, with a focus on modular solutions in FCC, developing tools and utilities pertaining to key regulations, and much progress in our work on the concept of a shared utility to provide data, risk models and analytics to the banking industry. Our data analytics products and offerings are continuously evolving to meet the rapidly changing market needs.

In addition, we launched our research automation platform, SMART (Simple Modular Analytics Research Toolkit) in New York this year. A proprietary platform that fully automates financial research tasks, SMART has gained a lot of interest in the market. We have also managed to complete several successful pilots and demos to our existing and prospective clients.

We continue to invest extensively in human capital, recognising this as a key driver of our success, by grooming talent through a series of comprehensive, in-house training programmes, which are routinely reassessed to ensure continued relevance,

CRISIL GR&A leveraged the power of cognitive automation to launch a unique financial research platform called SMART



given the rapidly evolving market landscape and changing client needs. We have continued to develop our franchise by participating in and sponsoring industry conferences, roundtable meetings of senior client stakeholders, hosting web-conferences, and publishing topical thought leadership research pieces across the spectrum of our strategic focus areas.

## B.2. CRISIL Coalition

### Highlights

- Added 7 clients, including a few regional players
- Enhanced existing analytics, resulting in more complete relationships per client
- Increased revenues from four out of five clients
- Commercialised and scaled up services in transaction banking, and introduced new analytics for treasury and lending
- Coalition was referred to in 450+ articles across 90+ global publications and its analytics were referenced in 20+ investor relations presentations across 15 leading banks

### Business environment

CRISIL Coalition generates a majority of its business from the Corporate and Investment Banking (CIB) industry. For the CIB industry, 2017 was sombre and the outlook for 2018 is flat. The Coalition Index that tracks performance of the top 12 global investment banks continued with its trend of decline in revenues in FY2017, posting the lowest level since 2008. The decline was driven by poor performance in FICC, which was partially offset by improvement in IBD. The second half of 2017 was particularly weak across most FICC and equity products. Operating margin of these banks also deteriorated after two years of improvement. Consequently, return on equity declined 90 bps.

Most of global banks expect a similar environment to continue at least up to the second half of 2018 with no reduction in volatility. As result, we expect relatively flat to negative performance in the global markets. This would be partially compensated by moderate growth in banking. We also expect competition to intensify as European banks have completed their restructuring and became aggressive in 2017.

### Operations

In the backdrop of a tight environment, CRISIL Coalition embarked on several initiatives to enhance its market relevance and connect with clients. These included reaching out to prospective clients, including regional players. In 2017, we added 7 more clients to our impressive list of global investment banks. We also enhanced our analytics portfolio to provide a comprehensive set to clients. We commercialised our services in transaction banking during the year and launched

new analytics for treasury and lending. These services have received good traction with clients and are expected to contribute to growth in 2018.

CRISIL Coalition also extended its outreach to senior levels at banks and established deeper connects with heads of corporate and investment banks. More than 90+ publications globally carried CRISIL Coalition's views and quoted it during the year. CRISIL Coalition was also referenced by 15 leading banks in 20+ investor relations presentations. We cleared a number of high-intensity client audits and underwent Phase 1 of the SSAE 18 Attestation, thereby confirming our high standards of controls. During the year, the business provided meaningful rotation opportunities to a number of employees, both within India and globally.

## B.3. India Research

### Highlights

- Maintained our dominant and premium position in the flagship Industry Research business with coverage across 90+ sectors
- Successfully launched our new product Quantix, a cross-segment analytics tool to drive growth in the Research business.
- Entered the eLearning space with a bouquet of credit & risk management course modules
- Enhanced the Research delivery platform (Cutting Edge V2) a faster and more user friendly experience
- Launched the ULIP rankings which marks our potential to become industry benchmark in the insurance space
- Witnessed healthy revenue growth in the Customised Research business on the back of significant traction in the Automobiles, BFSI and Logistics sectors
- Largest provider of valuation of fixed-income securities to the Mutual Funds, insurance and banking industries, valuing over USD 1,573 billion of Indian debt securities.

CRISIL Coalition strengthened its portfolio with new analytics offerings for treasury & lending



## Directors' Report

### Business environment

While pressure on profitability of banks has impacted their research spends, it has also created new opportunities for research in stressed asset segment. Further, NBFC segment is witnessing entry of many new players and robust business growth creating need for research. Apart from ongoing coverage on 90+ sectors, we launched many special reports in areas such as agriculture, NBFCs, SMEs, and eight new reports focusing on niche sectors such as animal feeds, home electrical, mobile handsets, and paints.

The market witnessed an increasing demand for more dynamic, granular data / tools beyond traditional qualitative research. There is also a growing focus on investible indices and technology enabled solutions. In order to cater to such demands, in mid-2017, we successfully launched our new product Quantix - integrated data platform for Indian market. The product, positioned as a unique offering of data, tools and analytics, is being released in a modular fashion and has received positive response from the market.

Buoyant Initial Public Offering (IPO) market contributed significantly to the growth of the customised research. We were the agency of choice for Investment Banks and issuers in the IPO market for providing research content in the industry section of Draft Red Herring Prospectus (DRHP) in 2017.

### Operations

CRISIL Research works with nearly 1000 Indian and global clients, including 90% of India's banking industry by asset base, 15 of the top 25 Indian companies by market capitalisation, and nearly all Indian mutual fund and life insurance companies

Addressing our increasing client needs, we have set up Analytical Quality Boards and Alpha labs, a special team created to drive innovation and new projects in the research business. They provide differentiated ahead of the curve analysis and frequent timely updates. These initiatives have been undertaken to funnel new product launches & improve existing offerings.

For the second consecutive year, the Customised Research witnessed healthy revenue growth on the back of significant traction in the core sectors - Automobiles, BFSI and Logistics sectors. We also forayed in the competitive benchmarking space and worked with some of the key clients in the industry.

In the fixed income part of our Funds & Fixed Income (F&FI) business, we consolidated our strong position in the valuation space further by winning mandates from general insurers and corporates. We are the largest provider of fixed-income indices

in India and have consolidated our position by launching 11 new indices (2 in India and 9 in Sri Lanka) during the year.

In the mutual fund part of our F&FI business, we enhanced our presence with corporate treasuries and exempted provident fund trusts, helping them in portfolio performance review and risk monitoring. We have been mandated by Employees State Insurance Corporation to help in selection of fund managers, custodian and external concurrent auditor for its investment corpus.

The Executive Training business saw remarkable growth in open programmes with the introduction of specialised sector-focused trainings. In addition, the launch of eLearning courses will enable a much larger user base to benefit from CRISIL's expertise in credit and risk management

The CRISIL Centre for Economic Research (C-CER) and the CRISIL Research businesses continued to focus on franchise and thought leadership activities by conducting distinctive research on contemporary issues. We published several landmark reports during the year, covering a wide spectrum of areas such third-year performance of the Modi government, India's trade competitiveness, inflation growth trade off, volatility in pulses prices and farmers distress, impact of rains on the economy and performance of states. CCER participated in over 18 leading industry conferences and panel discussions, and hosted 4 events/webinars on a variety of topics.

We also released articles, press releases and reports on a wide range of sectors such as telecom, housing, wind power, cab aggregators, and impact assessment of the National Steel Policy and GST implementation on SME sectors. CRISIL Research was the knowledge partner for a series of events carried out by ASSOCHAM (The Associated Chambers of Commerce and Industry of India) and the Renewable Energy

CRISIL Research launched 11 new fixed-income indices for India and Sri Lanka, consolidating our premier position in the market



Investment and Finance Forum (REIFF) 2017. CRISIL Research also organised a web conferences on the Launch of New NDBIB CRISIL Indices in the Sri Lankan Debt market, steel sector and trends, and MSME lending.

## C. Advisory

### C.1. CRISIL Infrastructure Advisory

#### Highlights

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

#### Business environment

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

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

#### Operations

The business started the year on a good note, with a couple of large multi-year programme management mandates in flagship programs of the government – deepening our foray in this defined strategic pursuit area. The momentum continued throughout the year, and the business had a record year in terms of new business booked. This enabled the business to build up a strong order book to deliver in the coming months. Some key wins in the urban reforms and municipal finance area – mainly in the area of implementation support for smart

cities, and Value Capture Finance (VCF) potential assessment for 50 cities in India – helped the business in strengthening its leadership position in the area of urban infrastructure advisory. The business also pursued a strategic agenda of deeper relationships at the state government level, and was successful in making significant inroads in some of the target states like Maharashtra, Andhra Pradesh, Uttar Pradesh and West Bengal. The international business, although still muted, showed some improvement towards the later part of the year, with mandate wins in some of the target emerging markets like Indonesia, Tanzania and Namibia. The business reported a very robust growth in revenues and margins during this year.

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

### C.2. CRISIL Risk Solutions

#### Highlights

- Continued momentum in risk advisory services, especially in non-banking space
- Expansion of footprint in South Asia, the Middle East and Africa
- Developed new offering on IFRS 9/ IndAS109, gaining good traction globally

CRISIL Infrastructure Advisory launched CRISIL InfracInvex, India's first investability index for the infrastructure sector



## Directors' Report

### Business environment

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

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

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

### Operations

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

CRISIL Risk Solutions expects to build on the current momentum on offerings, with increased analytical capabilities and by expanding its footprint in global markets in 2018.

### D. Franchise collaboration with S&P Global

We deepened our engagement with S&P Global and its group companies through a variety of outreach initiatives across geographies.

We jointly hosted the annual flagship seminar India Credit Spotlight, on the theme 'Opportunities and risks in the face of reforms', in Mumbai, Hong Kong and Singapore. The seminar was very well appreciated by investors and issuers alike.

In London, we partnered with S&P Global to organise a buy-side conference on 'MiFID II and the Changes in Research Consumption Practices' and presented a research paper on Research Unbundling.

We also regularly participated in S&P Global webinars and shared our perspectives on a variety of topical themes.

Krishnan Sitaraman, Senior Director, Ratings, participated as a guest speaker in the webinar titled 'India Non-Bank Financial Companies – A sector whose time has arrived'. Additionally, Somasekhar Vemuri, Senior Director, Ratings, shared CRISIL views on the haircuts required for resolving non-performing assets in the banking sector during an S&P Ratings webinar on the Indian banking sector.

We hosted Economist Forums with S&P Global Asia-Pacific Chief Economist Paul Gruenwald on the rebalancing in China and its implications, and with S&P Global EMEA Chief Economist Jean-Michel Six on global trade barriers and Brexit. Additionally, CRISIL Ratings hosted a joint investor briefing with S&P Global to bolster our relationship with the investor community.

CRISIL's Chief Economist Dharmakirti Joshi participated in several forums organised by S&P Global.

He was a panellist at the Global Economic Outlook morning briefing in New York, moderated the leadership panel on 'Financial reforms, next generation investing and keeping up with global competition' at S&P BSE Indices' annual thought leadership seminar, and was a panellist in the S&P Dow Jones thought leadership seminar titled 'Eyes on Asia: A brave new world' in Hong Kong.

Additionally, CRISIL continued to provide outlook on the Indian economy, contributing an article, 'India to ride recent reforms

Increased outreach in south Asia, the Middle East and Africa to develop a strong pipeline of clients



to grow' for an S&P Global publication. S&P Global Platts organised the 13th Annual Steel Markets Asia Conference in Mumbai, where Rahul Prithiani, Director, CRISIL Research, delivered a presentation on the latest trends in steel end-user buying patterns.

### E. Human Resources

The Human Resources team made good strides in 2017. At the end of its financial year, CRISIL's headcount was 3,904, including all wholly owned subsidiaries.

#### Highlights

We were able to benchmark CRISIL's employee engagement levels globally (through the adoption of VIBE - S&P Global's annual employee satisfaction survey), allowing us to share best practices. Adoption of technology enabled platform, has helped us engaged with employees. With a focus on improving employee benefits, a number of programmes were rolled out to be able to stay ahead of the market.

Our talent development programme was well implemented, with more than 300 employees undergoing diverse training modules. Leadership development, succession planning and other organisational development programmes progressed in line with CRISIL's long-term strategy, with specific development focused modules for the leadership team. Our job rotation programme got a relook this year to encourage more participation from employees and facilitate their career aspirations. We imparted 6,538 person-days of diverse training to employees during the year, complementing our focus on continued learning.

#### Directors

The members of the Board of Directors of the Company are eminent persons of proven competence and integrity. Besides experience, strong financial acumen, strategic astuteness and leadership qualities, the Directors have a significant degree of commitment to the Company and devote adequate time for the meetings, preparation and attendance. Board members possess the education, expertise, skills and experience in various sectors and industries required to manage and guide the Company, thus bringing in diversity to Board perspectives. The brief profiles of Directors forming part of this Annual Report gives an insight into the arenas where the Directors have qualification and experience, thus enhancing the diversity of the Board.

The Policy of the Company on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of section 178, is appended as Annexure I to this Report. The Policy includes

the scope and terms of reference of the Nomination & Remuneration Committee and the roles, responsibilities, criteria and procedures towards key aspects of Board governance including the size and composition, criteria for Directorship, terms & removal, succession planning, evaluation framework and on-going training and education of Board members. The Policy lays down detailed guidelines for remuneration of the Board, Managing Director and employees, covering fixed and variable components and long term reward options, including employee stock option plans.

#### Directorship changes

##### Retirement and resignations

Mr. Douglas L. Peterson, Chairman, resigned from the Company with effect from October 17, 2017, owing to his other commitments in his role as Chief Executive Officer of S&P Global Inc. Your Directors place on record their sincere appreciation for Mr Peterson's encouraging stewardship, constructive inputs and continuous guidance to the Company and the Board, that helped set the strategy of the Company and chart its roadmap for future growth.

Mr. H. N. Sinor's tenure as an Independent Director of the Company ended on October 25, 2017. Mr. H. N. Sinor had taken office as a Non-Executive, Independent Director of CRISIL in October 2007 and demitted office after completion of 10 years. Your Directors place on record their sincere appreciation for the strong support, advice and guidance provided by Mr. Sinor to the Company and its Management, which was immensely valuable to drive the growth and performance of the Company.

##### Appointment

Mr. John L. Berisford, Non-Executive Director on the Board, was appointed as Chairman of the Board with effect from October 17, 2017.

Jointly hosted the annual flagship event 'India Credit Spotlight, in Mumbai, Hong Kong and Singapore with S&P Global



## Directors' Report

Mr. Ewout Steenbergen was appointed as a director in casual vacancy caused by the cessation of directorship of Mr. Douglas L. Peterson and Mr. Girish Paranjpe was appointed as Additional Director (Independent) with effect from October 17, 2017. The Company has received notices under Section 160 of the Companies Act, 2013, from a member signifying his intention to propose the candidature of Mr. Ewout Steenbergen and Mr. Girish Paranjpe for the office of Directors.

Mr. Ravinder Singhanian was appointed as alternate director to Mr. John L. Berisford with effect from October 18, 2017.

### Re-appointment

In accordance with the Articles of Association of the Company and the provisions of the Companies Act, 2013, Ms. Martina Cheung retires by rotation and being eligible, seeks re-appointment.

Brief profiles of Mr. Ewout Steenbergen, Mr. Girish Paranjpe and Ms. Martina Cheung have been given in the Notice convening the Annual General Meeting.

### Board independence

Our definition of 'Independence' of Directors is derived from Regulation 16(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Companies Act, 2013. Based on the confirmation / disclosures received from the Directors and on evaluation of the relationships disclosed, the following Non-Executive Directors are Independent:

- a) Dr. Nachiket Mor
- b) Mr. M. Damodaran
- c) Ms. Vinita Bali
- d) Mr. Girish Paranjpe

### Committees of the Board

There are currently five Committees of the Board, as under:

- Audit Committee
- Corporate Social Responsibility Committee
- Investment Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee

Details of all the Committees along with their charters, composition and meetings held during the year, are provided in the "Report on Corporate Governance", a part of this Annual Report.

### Number of meetings of the Board

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

regular presentations by business heads to the Board. An annual planner of topics to be discussed at the Board through its quarterly meetings is pre-discussed with the Board. The Board / committee meetings are pre-scheduled and a tentative annual calendar of the Board and committee meetings is circulated to the Directors well in advance to help them plan their schedule and to ensure meaningful participation in the meetings. Only in case of special and urgent business, if the need arises, the Board's approval is taken by passing resolutions through circulation, as permitted by law, which are confirmed in the subsequent Board meeting.

The notice of Board meeting is given well in advance to all the Directors. Usually, meetings of the Board are held in Mumbai. The agenda of the Board / committee meetings is circulated at least seven days before the date of the meeting. The agenda for the Board and committee meetings includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision. Since the last two years, the Company has moved to a two-day schedule for its quarterly committee and Board meetings, which allows for greater discussion time for Board matters.

The Board met seven times in financial year 2017 viz., on February 11, April 20, June 23, June 28, July 18, September 29 and October 17. The maximum interval between any two meetings did not exceed 120 days.

### Compliance with secretarial standards on Board and Annual General Meetings

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

### Annual evaluation by the Board

During the year, the Board has carried out the annual evaluation of its own performance as well as the evaluation of the working of its Committees and individual Directors, including Chairman of the Board. This exercise was carried out through a structured questionnaire prepared separately for Board, Committees, Chairman and individual Directors. The performance evaluation of the Chairman was carried out by the Independent Directors at a separate meeting of the Independent Directors. The questionnaire and evaluation process was reviewed in the context of SEBI Guidance Note on Board evaluation dated January 5, 2017, and necessary alignment was made with the requirements.

The questionnaire for Board evaluation is prepared taking into consideration various aspects of the Board's functioning such as understanding of Board members of their roles and responsibilities, Board meeting and reporting process, time

devoted by the Board to Company's long-term strategic issues, quality and transparency of Board discussions, quality, quantity and timeliness of the information flow between Board members and management, Board's effectiveness in disseminating information to shareholders and in representing shareholder interests, Board information on industry trends and regulatory developments and discharge of fiduciary duties by the Board.

Committee performance is evaluated on the basis of their effectiveness in carrying out their respective mandates.

Peer assessment of Directors, based on parameters such as participation and contribution to Board deliberations, ability to guide the Company in key matters and, knowledge and understanding of relevant areas were received by the Board for individual feedback.

The Board acknowledged key improvement areas emerging through this exercise and action plans to address these are in progress.

During 2017, the Company also actioned the feedback from the Board evaluation process conducted in the previous year, i.e. 2016. Suggestions were incorporated in strengthening the Board review calendar plan for 2017 with thematic additions on technology road-map and business continuity review, increasing the focus on internal controls through additional Audit Committee meetings, discussion on key executive succession planning and improved Board scheduling and time management. Opportunities to increase awareness on industry trends and peers were provided to the Board through sessions by internal and external speakers, including some industry experts; these helped contextualising the budgeting and strategy exercises of the Company. During the year, the Board competencies were diversified with the addition of a Director with technology background.

### **Risk Management Policy, Compliance framework and Internal Control Adequacy**

The Board has adopted policies and procedures for ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures. The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by statutory as well as internal auditors. Significant audit observations and follow up actions thereon are reported to the Audit Committee. For ensuring independence of audits, the internal auditors report directly to the Audit Committee. Both the internal and statutory auditors have exclusive executive sessions with the Audit

Committee on a regular basis. In addition, during the year, the Management performed a review of key controls impacting financial reporting, at entity as well as operating levels, and submitted its report to the Audit Committee and the Board.

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives, which has been enhanced during this year. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meetings of the Audit Committee and the Board of Directors of the Company. These have also been reported and discussed in detail in the Management's Discussion and Analysis Report, annexed to this report.

Information security has emerged as a major risk in recent times to the financial services industry. The Company continuously evaluates exposure from this perspective. During the year, we implemented actions to enhance security by enhancing intrusion detection systems, next generation firewall, a new cybersecurity solution, and upgraded data loss prevention systems, among many measures to manage and mitigate cyber risks. Additionally, an organisation-wide Business Continuity Project was initiated to align the Company's Business Continuity Programme to ISO 22301:2012 Societal security -- Business Continuity Management System (BCMS). This initiative intended strengthening the resilience of the organisation. BCMS enables an acceptable level of service during disaster, protects & supports employees, asset and business, reduces risk and enables the Company to meet statutory, regulatory and contractual obligations.

The Company has a robust framework for monitoring compliance with applicable laws. Adequately empowered functional teams operate as the first line of defence. Their procedures and actions are routinely subject to audit and test procedures ensuring robustness of the system. During the year, the Company introduced an additional IT-enabled tool to monitor compliances and support the compliance assessment process. A quarterly certification on compliance with laws is provided by senior management to the Board.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants and the reviews performed by management and the relevant board committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls with reference to financial statements were adequate and effective during financial year 2017.

## Directors' Report

### Directors' responsibility statement

Your Directors hereby confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively; and
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

### Particulars regarding conservation of energy, technology absorption, and foreign exchange earnings and outgo

The particulars regarding foreign exchange earnings and outgo appear as separate items in the notes to the accounts. As such, the Company does not own any manufacturing facility and hence our processes are not energy intensive. Hence particulars relating to conservation of energy and technology absorption stipulated in the Companies (Accounts) Rules, 2014, are not applicable.

However we endeavour to support the environment by adopting environment friendly practices in our office premises. CRISIL House, Mumbai, our corporate headquarters, is a Platinum-rated Green Building. During 2017, one more of our offices, CRISIL House, Gurgaon earned the IGBC Green Existing Buildings certification in the Gold category. These certifications recognise the efforts of the Company on waste segregation and recycling, usage of eco-friendly refrigerants for air conditioning requirements, reducing heat island effect in the design of the building and parking, using eco-friendly materials in gardening, housekeeping, rain water harvesting and other measures at water efficiency. CRISIL House was recently featured in the book 'Pathways to Green India: Innovative Ideas for Public Spaces, Vol II', published by Earth Day Network, an international NGO, which operates in the sustainable environment space.

We have rolled out a policy which aims at improving environmental performance of CRISIL. The policy is our commitment to be environmentally responsible and encourages our employees and members of the wider community to work for the environment by setting and monitoring environmental objectives, making efficient use of natural resources, elimination of waste and promoting recycling of resources.

During 2017, we commenced an important initiative to convert wet garbage generated in CRISIL House into compost instead of giving it off for municipal collection. Organic manure thus generated from wet waste is being used for in-house garden landscaping requirement. Separate wet and dry garbage rooms have been created for storing garbage.

In addition, under the CRISIL RE employee volunteering program, CRISIL leverages its workforce as agents of change to drive environment conservation actions. Details of the outcomes from these initiatives during 2017 are given in the Corporate Social Responsibility Report published elsewhere in the Annual Report.

### Corporate Social Responsibility

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013. The role of the committee is to review the CSR Policy, indicate activities to be undertaken by the Company towards CSR and formulate a transparent monitoring mechanism to ensure implementation of projects and activities undertaken by the Company towards CSR.

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

### Vigil mechanism

The Company has established a vigil mechanism for Directors and employees to report their genuine concerns, details of which have been given in the Corporate Governance Report annexed to this Report.

### Subsidiary companies

As on December 31, 2017, the Company had one Indian and seven overseas wholly owned subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company and all its subsidiary companies, which is forming part of the Annual Report. A statement containing salient features of the financial statements of the subsidiary companies is also included in the Annual Report.

On November 15, 2017, CRISIL entered into a definitive agreement to acquire 100% of the equity shares of Pragmatix Services Private Limited ('Pragmatix'). 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. In its short history post incorporation in 2010, Pragmatix has successfully built and deployed solutions across the risk, sales, and finance domains in India, Middle East and North America. The transaction was valued at a total consideration of Rs. 56 crore. Pragmatix will strengthen CRISIL's position as an agile, innovative and global analytics company. It 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. As on December 31, 2017, Pragmatix was not a subsidiary of CRISIL, but it became a wholly owned subsidiary of the Company w.e.f. January 24, 2018.

The Company has no associate companies within the meaning of Section 2(6) of the Companies Act, 2013.

In accordance with third proviso of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company, containing therein its standalone and the consolidated financial statements has been placed on the website of the Company, [www.crisil.com](http://www.crisil.com). Further, as per fourth proviso of the said section, audited annual accounts of each of the subsidiary companies have also been placed on the website of the Company, [www.crisil.com](http://www.crisil.com). Shareholders interested in obtaining a copy of the audited annual accounts of the subsidiary companies may write to the Company Secretary at the Company's registered office.

The Company has obtained a certificate from the Statutory Auditors certifying that the Company is in compliance with the FEMA Regulations with respect to downstream investments made in its subsidiary companies as operating during the year.

#### **Particulars of contracts or arrangements with related parties referred to in Section 188(1)**

A significant quantum of related party transactions undertaken by the Company is with its subsidiary companies engaged in product delivery of CRISIL businesses and business development activities. The Company has also been providing analytical support to S&P Global entities as a part of a Master Services Agreement, which transaction has been approved by

the shareholders through a resolution passed by postal ballot on December 15, 2014.

The Audit Committee pre-approves all related party transactions. The details of the related party transactions undertaken during a particular quarter are placed at the meeting of the Audit Committee held in the succeeding quarter.

All contracts / arrangements / transactions with related parties that were executed in 2017 were in the ordinary course of business and at an arm's length. During the year, there were no related party transactions which were materially significant and that could have a potential conflict with the interests of the Company at large. All related party transactions are mentioned in the notes to the accounts. The particulars of material contracts or arrangements with related parties referred to in Section 188(1), is given in prescribed Form AOC - 2 as Annexure III.

As required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Related Party Transactions Policy, which has been put up on the website of the Company at <https://www.crisil.com/en/home/investors/corporate-governance.html>. The Company has developed an operating procedures manual for identification and monitoring of related party transactions.

#### **Particulars of loans, guarantees or investments under Section 186**

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013, are provided in the Notes to Financial Statements.

In June 2017, CRISIL has purchased 26,22,430 equity shares of CARE Ratings Limited (CARE) representing 8.9% of its equity share capital. CARE is a SEBI registered credit rating agency and is listed on BSE and NSE. The investment has been made pursuant to a bid process conducted by Canara Bank, subsequent to their request for quotation. This stake purchase is an investment in the excellent long-term prospects of the credit rating sector in the country. This investment in the equity of CARE has no special rights.

#### **Auditors' Report**

M/s. Walker Chandiok & Co LLP (an affiliate of Grant Thornton network) are the Statutory Auditors of the Company. Their report is a part of the Annual Report.

#### **Secretarial Audit Report**

The Board of Directors of the Company has appointed Dr. K. R. Chandratre, Practising Company Secretary, to conduct the

## Directors' Report

Secretarial Audit and his Report on Company's Secretarial Audit is appended to this Report as Annexure IV.

### Comments on Auditors' Report

There are no qualifications, reservations or adverse remarks or disclaimers made by Walker Chandiook & Co LLP, Statutory Auditors, in their report and by Dr. K. R. Chandratre, Company Secretary in Practice, in his secretarial audit report.

The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

### Management's Discussion and Analysis Report

The Management's Discussion and Analysis Report for the year under review, as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this report.

### Corporate governance

The Company is committed to maintaining the highest standards of corporate governance and adhering to the corporate governance requirements as set out by the Securities and Exchange Board of India. The Report on Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report. A certificate from the auditors of the company confirming compliance with the conditions of corporate governance as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is also published elsewhere in this Annual Report.

### Particulars of remuneration

Disclosures with respect to the remuneration of Directors and Employees as required under Section 197(12) of Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have been appended as Annexure V to this Report.

In accordance with the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of every employee covered under the said rule are available at the Registered Office of the Company during working hours for a period of 21 days before the Annual General Meeting and shall be made available to any shareholder upon request.

The Nomination and Remuneration Committee of the Company has affirmed at its meeting held on February 13, 2018 that the remuneration is as per the remuneration policy of the Company.

### Employee Stock Option Schemes

The Company has three employee stock option schemes. The Employee Stock Option Scheme - 2011 (ESOS 2011) was approved by the shareholders vide a special resolution passed through postal ballot on February 4, 2011. The Employee Stock Option Scheme - 2012 (ESOS 2012) was approved by the shareholders vide a special resolution passed through postal ballot on April 10, 2012. The Employee Stock Option Scheme - 2014 (ESOS 2014) was approved by the shareholders vide a special resolution passed through postal ballot on April 3, 2014, and amended by special resolution of shareholders at the 30th Annual General Meeting held on April 20, 2017.

During 2017, there were no material changes in the Employee Stock Option Plans of the Company except the amendment made to ESOS 2014 as specified above. The Schemes are in compliance with the SEBI Regulations on ESOS. As per Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 read with SEBI circular dated June 16, 2015 the details of the ESOS are uploaded on the Company's website <https://www.crisil.com/en/home/investors/financial-information/annual-report.html> in terms of Circular No CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 issued by Securities and Exchange Board of India.

The Company has received a certificate from M/s. Walker Chandiook & Co LLP that ESOS 2011, ESOS 2012 and ESOS 2014 have been implemented in accordance with the SEBI Regulations and the resolution passed by the members in their general meeting. The certificate would be placed at the ensuing Annual General Meeting for inspection by the members.

### Extract of Annual Return

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

### Financial year

The Company and all its subsidiary companies, in India and across the world, except Pragmatix Services Private Limited which has been recently acquired, follow the calendar year as the financial year in terms of a special approval obtained from the Company Law Board in 2015.

### CEO and CFO Certification

Certificate from Ms. Ashu Suyash, Managing Director & CEO and Mr. Amish Mehta, Chief Financial Officer, pursuant to provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015,

for the year under review was placed before the Board of Directors of the Company at its meeting held on February 13, 2018.

### Statutory disclosures

Your Directors state that there being no transactions with respect to following items during the financial year under review, no disclosure or reporting is required in respect of the same:

1. Deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013, and the Companies (Acceptance of Deposits) Rules, 2014.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Receipt of any remuneration or commission by the Managing Director/Whole-time Director of your Company from any of its subsidiaries.
4. Significant or material orders passed by the regulators or courts or tribunals which impact the going concern status and the Company's operation in future.
5. Buy back of shares.
6. Material changes and commitments, affecting the financial position of the Company that have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report unless otherwise stated in the report.

### Acknowledgements

The Board of Directors wishes to thank the employees of CRISIL for their exemplary dedication and the excellence they have displayed in conducting the operations of CRISIL. The Board also wishes to place on record its sincere appreciation of the faith reposed in the professional integrity of CRISIL by customers and investors who have patronised its services. The Board acknowledges the splendid support provided by market intermediaries. The affiliation with S&P Global has been a source of great strength. The Board of Directors also wishes to place on record its gratitude for the faith reposed in CRISIL by the shareholders, the Securities and Exchange Board of India, the Reserve Bank of India, the Government of India and the State Governments. The role played by the media in highlighting the good work done by CRISIL is deeply appreciated.

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

**John L. Berisford**

Chairman

(DIN: 07554902)

Mumbai, February 13, 2018

# Annexure I to the Directors' Report

## Nomination and Remuneration Policy

### 1. Introduction:

The Company considers human resources as its invaluable assets. This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMPs) and other employees has been formulated in terms of the provisions of the Companies Act, 2013 and the listing agreement in order to pay equitable remuneration to the Directors, KMPs and employees of the Company and to harmonise the aspirations of human resources consistent with the goals of the Company.

### 2. Objective and Purpose of the Policy:

The objectives and purpose of this policy are:

- 2.1 To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive and Non-Executive) and recommend to the Board policies relating to the remuneration of the Directors, key managerial personnel and other employees;
- 2.2 To formulate the criteria for evaluation of performance of all the Directors on the Board;
- 2.3 To devise a policy on Board diversity; and
- 2.4 To lay out remuneration principles for employees linked to their effort, performance and achievement relating to the Company's goals.

### 3. Constitution of the Nomination and Remuneration Committee:

The Board has constituted the "Nomination and Remuneration Committee" of the Board on February 14, 2014. This is in line with the requirements under the New Act.

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

#### Definitions:

- "Board" means Board of Directors of the Company.
- "Directors" means Directors of the Company.
- "Committee" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- "Company" means CRISIL Limited.
- "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013 and rules.
- "Key Managerial Personnel" (KMP) means -
  - i) the Managing Director or the Chief Executive Officer or the manager and in their absence, a Whole-time Director;
  - ii) the Company Secretary; and
  - iii) the Chief Financial Officer
- "Senior Management" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of

management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and Listing Agreement as may be amended from time to time shall have the meaning respectively assigned to them therein.

#### General:

- This Policy is divided in three parts:
  - Part – A covers the matters to be dealt with and recommended by the Committee to the Board;
  - Part – B covers the appointment and nomination; and
  - Part – C covers remuneration and perquisites etc.
- This policy shall be included in the Report of the Board of Directors.

#### PART – A

#### Matters to be Dealt With, perused and recommended to the Board by the Nomination and Remuneration Committee

The following matters shall be dealt by the Committee:-

##### (a) Size and composition of the Board:

- Periodically reviewing the size and composition of the Board to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company as a whole;

##### (b) Directors:

- Formulate the criteria determining qualifications, positive attributes and independence of a Director and recommending candidates to the Board, when circumstances warrant the appointment of a new director, having regard to the range of skills, experience and expertise, on the Board and who will be best complement the Board;

##### (c) Succession plans:

- Establishing and reviewing Board and senior executive succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management;

##### (d) Evaluation of performance:

- Make recommendations to the Board on appropriate performance criteria, for the Directors.
- Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company.

- Identify ongoing training and education programs for the Board to ensure that Non- Executive Directors are provided with adequate information regarding the options of the business, the industry and their legal responsibilities and duties.

**(e) Board diversity:**

The Committee is to assist the Board in ensuring Board nomination process with the diversity of gender, thought, experience, knowledge and perspective in the Board.

**(f) Remuneration framework and policies:**

The Committee is responsible for reviewing and making recommendations to the Board on:

- the remuneration of the Managing Director, Whole-time Directors and KMPs
- the total level of remuneration of Non-Executive Directors and for individual remuneration for Non-Executive Directors and the Chairman, including any additional fees payable for membership of Board committees;
- the remuneration policies for all employees including KMPs, senior management and other employees including base pay, incentive payments, equity awards, retirement rights and service contracts having regard to the need to
  - attract and motivate talent to pursue the Company's long term growth;
  - demonstrate a clear relationship between executive compensation and performance; and
  - be reasonable and fair, having regard to best governance practices and legal requirements.
- the Company's equity based incentive schemes including a consideration of performance thresholds and regulatory and market requirements;
- the Company's superannuation arrangements and compliance with relevant laws and regulations in relation to superannuation arrangements; and
- the Company's remuneration reporting in the financial statements and remuneration report.

**Part – B**

**Policy for Appointment And Removal Of Director, KMPs and Senior Management**

Appointment criteria and qualifications:

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or senior management level and recommend to the Board his/her appointment.

- A person to be appointed as Director, KMP or senior management level should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors/areas relevant to CRISIL, ability to contribute to CRISIL's growth, complementary skills in relation to the other Board members.
- The Company shall not appoint or continue the employment of any person as Managing Director / Executive Director who has attained the age of sixty years. Provided that the term of the person holding this position may be extended beyond the age of sixty years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond sixty years.
- A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of CRISIL.

**Term / Tenure:**

- Managing Director/Whole-time Director:
  - The Company shall appoint or re-appoint any person as its Managing Director and CEO or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- Independent Director:
  - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
  - No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as

## Annexure I to the Directors' Report

an Independent Director for 5 years or more in the Company as on April 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

- At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time (Executive) Director of a listed company.

### **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director or KMP subject to the provisions and compliance of the said Act, rules and regulations.

### **Retirement:**

The Whole-time Directors, KMP and senior management personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Whole-time Directors, KMP and senior management personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### **Part – C**

#### **Policy Relating to the Remuneration For Directors, KMPS and Other Employees**

##### **General:**

1. The remuneration / compensation / commission etc. to Directors will be determined by the Committee and recommended to the Board for approval.
2. The remuneration and commission to be paid to the Managing Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director.
4. Where any insurance is taken by the Company on behalf of its Managing Director, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided

that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

##### **Remuneration to KMPS and other employees:**

The policy on remuneration for KMPS and other employees is as below:-

##### 1. Fixed Pay:

The remuneration and reward structure for employees comprises two broad components — annual remuneration and long-term rewards. The Committee would determine the remuneration of the Directors and formulate guidelines for remuneration payable to the employees.

These guidelines are as under:

##### a) Annual remuneration:

Annual remuneration refers to the annual compensation payable to the employees of the Company. This comprises two parts - a fixed component, and a performance-linked variable component based on the extent of achievement of the individual's objectives and performance of the business unit. Every employee is required to sign a performance contract which clearly articulates the key performance measures for that particular defined role. The performance-linked variable pay will be directly linked to the performance on individual components of the performance contract and the overall performance of the business. An employee's variable pay would, therefore, be directly dependent on key performance measures that represent the best interests of shareholders.

The objective is to set the total remuneration at levels to attract, motivate, and retain high-caliber, and high potential personnel in a competitive global market. The total remuneration level is to be reset annually based on a comparison with the relevant peer group in the Indian market, established through an independent compensation surveys from time to time.

##### b) Long-term rewards:

Long-term rewards may include a Long-Term Incentive Plans (LTIP) or under which incentives would be granted to eligible key employees based on their contribution to the profitability of the Company, relative position in the organisation, and length of service under the supervision and approval of the Committee. The company could implement various long term awards schemes that could include Long Term Incentive Programme (LTIP) spread over several years with payouts in multiple tranches linked to Company's performance. Another form of long term awards could be in the nature of stock options of the

company. Stock Options may be granted to key employees and high performers in the organisation who would be selected by the Committee based on their criticality, past performance and potential. The grant, vesting and other scheme details would be formulated from time to time.

These long-term reward schemes are implemented to attract and retain key talent in the industry.

**2. Minimum remuneration to Managing Director:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

**3. Short-term loans:**

The Company shall provide interest-free short-term loans to the KMPs and employees of the Company, repayment for which is deducted from the monthly salary of the concerned employee in twelve equated monthly instalments.

**Remuneration to Non-Executive / Independent Directors:**

**1. Commission:**

The commission payable to each Non-Executive Director is limited to a fixed sum per year as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made thereunder. The commission payable to Non-Executive Directors nominated by Standard & Poors' (S&P), is paid to 'Standard & Poors' International LLC'.

The overall Commission to the Non-Executive Directors (including Independent Directors) may be paid within

the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

**2. Sitting fees:**

The Non-Executive Directors (including Independent Directors) will receive remuneration by way of fees for attending meetings of Board or Committee thereof, as decided by the Committee from time to time subject to the limit defined under the Companies Act, 2013 and rules.

**3. Stock options:**

The Independent Directors shall not be entitled to any stock option of the Company.

**Policy Review:**

This policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of the clause 49 of the Equity Listing agreement with the stock exchanges as on December 31, 2014.

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

This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.

This Policy is updated on February 9, 2016.

## Annexure II to the Directors' Report

### Corporate Social Responsibility Policy

#### Introduction:

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

In March 2013, CRISIL set up the CRISIL Foundation to steer our CSR agenda and guiding principles by taking into consideration the position of our stakeholders, the spirit of trusteeship and the intention of enhancing social capital. CRISIL believes in equitable societies and efficient markets and has always endeavoured to follow these lodestars.

The CSR Policy:

#### CRISIL would carry out the following activities:-

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

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

#### CSR funding and allocation:

For achieving its CSR objectives through implementation of meaningful and sustainable CSR programmes. CRISIL will annually contribute up to 2% of average profits for the last three years towards CSR activities.

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

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

#### Applicability:

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

#### Implementation:

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

#### Constitution of the CSR Committee:

The Board has constituted the "CSR Committee" of the Board on February 14, 2014. The Committee shall consist of minimum of three members with at least one being an independent director.

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

#### Meetings and quorum:

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

#### Roles and responsibilities of the Committee:

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

- Formulate, monitor and recommend to the Board the CSR Policy
- Recommend to the Board, modifications to the CSR policy as and when required
- Recommend to the Board, the amount of expenditure to be incurred on the activities undertaken
- Review the performance of the Company in the area of CSR including the evaluation of the impact of the Company's CSR Activities
- Review the Company's disclosure of CSR matters
- Recommend the deployment strategy for CSR Activities, through partnerships with various agencies, intermediaries and foundations and determine outreach channels, including social media and IT interfaces

- Consider other functions, as defined by the Board, or as may be stipulated under any law, rule or regulation including the listing agreement, and the Companies Act, 2013.

**Policy Review:**

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

In case of any subsequent changes in the provisions of the Companies Act 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations

would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Corporate Social Responsibility Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.

This policy is updated on February 9, 2016.

## Annual Report on Corporate Social Responsibility Activities

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

- A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:** Kindly refer the Corporate Social Responsibility Report published elsewhere in this Annual Report and the Company's website, www.crisil.com
- The Composition of the CSR Committee:** Ms. Vinita Bali (Chairperson), Mr. Girish Paranjpe and Ms. Ashu Suyash
- Average net profit of the company for last three financial years (2014-2016):** Rs. 341.99 crore.
- Prescribed CSR Expenditure (2% of the amount as in item 3 above) (2014 - 2016):** Rs. 6.84 crore.
- Details of CSR spend during the financial year:**
  - Total amount spent for the financial year: Rs. 7.27 crore. This is higher than the prescribed limit
  - Amount unspent, if any: no unspent amount
  - Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
Sl. No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or programmes (1) Local Area or other (2) Specify the state or district where projects or programmes were undertaken	Amount outlay (Budget) projects or programmes wise (Rs. crore)	Amount spent on the projects or programmes		Cumulative expenditure up to the reporting period (Rs. crore)	Amount spent: Directly or Through Implementing Agency
					Direct expenditure on programmes or projects (Rs. crore)	Overheads (Rs. crore)		
1	Mein Pragati - Assam	Education & Women Empowerment – Financial Capability Building	Assam	2.33	2.21	0.12	2.33	Rashtriya Grameen Vikas Nidhi
2	CRISIL RE	Environmental Conservation - through volunteerism	Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata, Mumbai, Pune	1.20	1.15	0.06	1.20	United Way Mumbai, Green Yatra
3	Mein Pragati - Rajasthan	Women Empowerment – Financial Capability Building	Rajasthan	2.69	2.56	0.13	2.69	Humana People to People India
4	Centre for Financial Literacy	Centre for Financial Literacy	Maharashtra / Haryana	0.35	0.33	0.02	0.35	
5	Other Projects	Education, Flood Relief, Community Radio & Women Empowerment – Financial Capability Building	Maharashtra, Rajasthan and Uttarakhand	0.69	0.65	0.03	0.69	ITC Limited, Mahila Arthik Vikas Mahamandal, Madhya Pradesh State Rural Livelihood Mission, People's, Power Collective, Radio Mewat, and Radio Vatsagulm
<b>TOTAL</b>				<b>7.27</b>	<b>6.90</b>	<b>0.36</b>	<b>7.27</b>	

**NGO Partners:**
**A. Financial capability building:**
**Humana People to People India (HPPI)**

HPPI is a development organisation registered as a not-for-profit company under section 25 of the Companies Act, 1956 as of 21st May 1998. The Organisation comprises five main thematic areas – Livelihood & Community Development, Environmental Sustainability, Micro Finance, Education and Health. Humana People to People India is a member of The Federation for Associations connected to the International Humana People to People Movement.

**ITC Limited**

ITC's Corporate Social Responsibility activities comprise a Social Investments Programme focusing on afforestation, watershed management, animal husbandry, women's empowerment and primary education. The programme works with rural communities and communities residing in close proximity to production units.

**Rashtriya Gramin Vikas Nidhi (RGVN)**

RGVN was founded in April 1990 as a development support organisation and is registered under the Society's Registration Act of 1860. RGVN has its headquarters at Guwahati, Assam and operates in the North Eastern and Eastern states of India primarily focusing on rural livelihood, capacity building and institution building programmes.

**B. Community Radio partners**
**People's Power Collective**

Peoples Power Collective is a registered public trust in India and its vision is to support not for profit, participatory, community owned and managed radio i.e. community radio for empowerment and positive social change.

**Radio Mewat**

Radio Mewat is a community radio station located in Mewat, Haryana. Launched on September 1, 2010, the radio station broadcasts 14 hours a day, covering a range of local issues in its programming.

For CRISIL Limited

**Ashu Suyash**

Managing Director  
& Chief Executive Officer  
(DIN: 00494515)

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

**Vinita Bali**

Chairperson  
Corporate Social Responsibility Committee  
(DIN: 00032940)

Mumbai, February 12, 2018

**Radio Vatsagulm**

Based in Washim, Maharashtra, Radio Vatsagulm was set up in 2015. The radio programmes focus on education, vocations, agriculture, women's empowerment and social issues.

**C. Environment conservation**
**Green Yatra**

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

**United Way Mumbai (UWM)**

UWM is a non-profit organisation working closely with several NGOs and corporates for their CSR programmes, workplace giving campaigns and other events. This includes designing of CSR policy and strategies, due diligence of NGO partners, programme implementation, employee volunteering, impact assessments and financial and programmatic reporting. UWM is a chapter of United Way Worldwide, a prominent global charity.

CRISIL Foundation has also collaborated with Hope Foundation, Sakaar Outreach, SEED, Environment Foundation of India, and I am Gurgaon for environment conservation.

**United Way India**

United Way India is United Way Worldwide's national body in India. The organisation, based in Mumbai, supports seven local chapters to maximise their social impact in education, health, livelihood and the environment.

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

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

## Annexure III to the Directors' Report

### Form No. AOC - 2

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

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

**1. Details of contracts or arrangements or transactions not at arm's length basis:** Not Applicable

**2. Details of material contracts or arrangements or transactions at arm's length basis**

Sl. No.	Name of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of contracts / arrangements / transactions	Salient features of contracts / arrangements / transactions, including value, if any	Justification for entering into such contracts / arrangements / transactions	Date(s) of approval by the Board / Audit Committee	Amount paid as advances, if any	Date on which special resolution was passed in general meeting u/s 188(1)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
1.	S&P Global Inc (Formerly known as McGraw-Hill Financial, Inc.) and its subsidiaries (SPGI) (Fellow Subsidiaries)	Global Analytical Center	Ongoing subject to renewal as per contractual terms	Support SPGI and its group in their global operations, consideration of around Rs. 173.38 crore in 2017.	Services rendered by CRISIL are at arm's length pricing (ALP) and in the ordinary course of business. CRISIL maintains appropriate documentation to support ALP with SPGI and its group Companies.	February 10, 2017	Nil	December 15, 2014
2.	CRISIL Irevna UK Limited (100% Subsidiary)	Global Research and Analytical Services	Ongoing subject to renewal as per contractual terms	CRISIL invoices CRISIL Irevna UK for GR&A services which Irevna UK has recovered from external clients. The pricing is after considering appropriate remuneration to Irevna UK to meet its functional obligation (Amount invoiced by CRISIL to CRISIL Irevna UK Limited is Rs. 201.53 crore in 2017).	Services rendered by CRISIL Irevna UK are at arm's length pricing (ALP) and in the ordinary course of business. CRISIL maintains appropriate documentation to support ALP with CRISIL Irevna UK.	February 10, 2017	Nil	Not applicable
3	CRISIL Irevna US LLC (100 % Subsidiary)	Global Research and Analytical Services	Ongoing subject to renewal as per contractual terms	CRISIL invoices CRISIL Irevna US for GR&A services which CRISIL Irevna US has recovered from external clients. The pricing is after considering appropriate remuneration to CRISIL Irevna US to meet its functional obligation (Amount invoiced by CRISIL to CRISIL Irevna US Rs. 235.67 crore in 2017)	Services rendered by CRISIL Irevna US are at arm's length pricing (ALP) and in the ordinary course of business. CRISIL maintains appropriate documentation to support ALP with CRISIL Irevna US.	February 10, 2017	Nil	Not applicable

4	CRISIL Irevna Argentina S.A.	Global Research and Analytical Services	Ongoing subject to renewal as per contractual terms	CRISIL Irevna Argentina S.A. is a research centre and provides research services to CRISIL GR&A clients. (Amount invoiced by CRISIL Irevna Argentina to CRISIL Ltd. is Rs. 60.79 crore in 2017)	Services rendered by CRISIL Irevna Argentina S.A. are at arm's length pricing (ALP) and in the ordinary course of business. CRISIL maintains appropriate documentation to support ALP with CRISIL Irevna Argentina S.A.	February 10, 2017	Nil	Not applicable
5	CRISIL Irevna UK Limited	Loan given by CRISIL	10 years	Loan outstanding Rs. 83.33 crore from CRISIL Irevna UK Limited. Tenure of loan is ten years and interest rates are based on appropriate benchmarking	Loan given by CRISIL India to CRISIL Irevna UK for financing acquisitions.	July 17, 2014	Nil	Not applicable

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

**John Berisford**  
 Chairman  
 (DIN: 07554902)

Mumbai, February 13, 2018

## Annexure IV to the Directors' Report

### Secretarial Audit Report

#### For The Financial Year ended 31 December, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To:  
The Members,  
CRISIL Limited,  
CRISIL HOUSE, Central Avenue,  
Hiranandani Business Park,  
Powai, Mumbai – 400 076.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by CRISIL Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31 December, 2017 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 December, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not applicable to the Company during the Audit Period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): —
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period).
- (vi) **I further report that** having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:
  - The Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999; and
  - The Securities and Exchange Board of India (Research Analysts) Regulations, 2014.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India; and
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for

seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards.

Dr. K R Chandratre

FCS No. 1370,C P No: 5144

Place: Pune

Date: 13th February, 2018

## Annexure V to the Directors' Report

Disclosures pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Note: The information provided below is on standalone basis for Indian Listed entity

- 1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company and percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:**

Sl No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees	2017 Remuneration Rs. @	Percentage increase in remuneration
a.	Mr. John L. Berisford – Chairman, Non-Executive Director	NA*	NA	NA
b.	Mr. Douglas L. Peterson – Non-executive Director#	NA*	NA	NA
c.	Mr. H. N. Sinor – Independent Director##	4.13	34,35,000	6.84%
d.	Dr. Nachiket Mor – Independent Director	3.97	33,00,000	9.45%
e.	Mr. M. Damodaran – Independent Director	4.73	39,40,000	16.91%
f.	Ms. Vinita Bali – Independent Director	4.72	39,25,000	19.48%
g.	Mr. Girish Paranjpe – Independent Director^	0.88	7,30,000	NA
h.	Ms. Martina Cheung – Non-Executive Director	NA*	NA	NA
i.	Mr. Ewout Steenbergen – Non-Executive Director^	NA*	NA	NA
j.	Mr. Ravinder Singhanian – Alternate Director to Mr. John L. Berisford	NA	NA	NA
k.	Ms. Ashu Suyash – Managing Director & Chief Executive Officer	71.64	5,96,22,234	15.92%
l.	Mr. Amish Mehta – Chief Financial Officer	NA	3,24,59,308	9.27%
m.	Ms. Minal Bhosale – Company Secretary	NA	86,13,234	-0.46%

\* Since April 2015, S&P Global has waived the sitting fees and commission payable to its nominees.

# Resigned with effect from October 17, 2017

## Tenure of directorship ended w.e.f. October 25, 2017

^ Appointed with effect from October 17, 2017

@ Includes sitting fees relative to meeting attendance for Non-Executive Directors.

- 2. The percentage increase in the median remuneration of employees in the financial year:** Median pay has increased by 9% in 2017 as compared with 2016.
- 3. The number of permanent employees on the rolls of Company:** 3,904
- 4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:** Average increase in remuneration for 2017 over 2016 was 7.39%. The percentile increase in the managerial remuneration for 2017 over 2016 was 12.14%. The difference is on account of pay adjustment for managerial personnel in line with external market benchmarks.
- 5. Affirmation that the remuneration is as per the remuneration policy of the Company:** Yes

## Annexure VI to the Directors' Report

Form No. MGT-9

Extract of annual return as on the financial year ended on December 31, 2017  
 [Pursuant to section 92(3) and Rule 12(1) of the  
 Companies (Management and Administration) Rules, 2014]

### I. Registration and other details

i.	CIN	L67120MH1987PLC042363
ii.	Registration date	29/01/1987
iii.	Name of the company	CRISIL Limited
iv.	Category / Sub-Category of the Company	Public Limited Company
v.	Address of the Registered office and contact details	CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai 400 076 Tel.: 022-33423000 Fax: 022-33423001 Website : www.crisil.com e-mail: investors@crisil.com
vi.	Whether listed company Yes / No	Yes
vii.	Name, Address and Contact details of Registrar and Transfer agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad 500032 Email : einward.ris@karvy.com Phone : +91 40 6716 1500 Toll Free No. : 1-800-34-54-001 Fax : +91 40 6716 1567

### II. Principal business activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company, on standalone basis, are as under:

Sl No.	Name and description of main products / services	NIC code of the product/ service	% to total turnover of the Company
1.	Ratings : Providing credit ratings including Bond Ratings, Bank Loan Ratings, SME Ratings, other grading services	66190	41%
2.	Research : Research services include Global Research & Analytics activities divided into Financial Research, Risk & Analytics and Corporate Research, and India Research activities comprising Economy & Industry Research, Funds & Fixed Income Research and Equity & Company Research	66190	59%

### III. Particulars of Holding, Subsidiary and Associate Companies as on December 31, 2017

Sl no	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
i.	S&P India LLC, 2711, Centreville Road, Suite 400, Wilmington, Delaware 19808, USA	Not Applicable	Holding Company	43.52	2(46)
ii.	S&P Global Asian Holdings Pte Limited, 12 Marina Boulevard, #23-01, Marina Bay Financial Centre, Tower 3, Singapore 018982	Not Applicable	Holding Company	14.81	2(46)
iii.	Standard & Poors' International LLC, 2711, Centreville Road, Suite 400, Wilmington, Delaware 19808, USA	Not Applicable	Holding Company	8.37	2(46)

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iv.	CRISIL Risk and Infrastructure Solutions Limited, CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai 400 076	U72100MH- 2000PLC128108	Subsidiary Company	100%	2(87)
v.	CRISIL Irevna UK Limited, C/o. Penningtons Manches LLP 125 Wood Street, London EC2V 7AN	Not Applicable	Subsidiary Company	100%	2(87)
vi.	CRISIL Irevna US LLC, C/o. Global Corporate Services Inc., 704 N. Kind St., #500, Wilmington, Delaware 19899, USA	Not Applicable	Subsidiary Company	100%	2(87)
vii.	CRISIL Irevna Argentina S.A., Reconquista 1088, 9th floor, Provincia de Buenos Aires, Argentina	Not Applicable	Subsidiary Company	100%	2(87)
viii.	CRISIL Irevna Poland Sp. Z.oo., Renaissance Business Centre, 6th Floor, ul. Świętego Mikołaja 7, 50 - 125 Wrocław	Not Applicable	Subsidiary Company	100%	2(87)
ix.	CRISIL Irevna Information Technology (Hangzhou) Co. Ltd., Room 1606, 16th floor, Hengxin Mansion, Jiangnan Avenue 588, Hangzhou, China	Not Applicable	Subsidiary Company	100%	2(87)
x.	Coalition Development Limited, C/o. Penningtons Manches LLP, 125 Wood Street, London EC2V 7AN	Not Applicable	Subsidiary Company	100%	2(87)
xi.	Coalition Development Singapore Pte. Ltd., 60 Robinson Road, # 11-01, BEA Building, Singapore 068892	Not Applicable	Subsidiary Company	100%	2(87)

Pragmatix Services Private Limited has become a wholly owned subsidiary of the Company with effect from January 24, 2018 as a result of acquisition of 100% of the equity share capital of Pragmatix Services Pvt. Ltd. by the Company.

#### IV. Shareholding Pattern (Equity Share Capital Break-up as percentage of Total Equity)

##### (i) Category-wise Share Holding

Category of share-holders	Number of shares held at the beginning of the year				Number of shares held at the end of the year				% change during the year*
	Demat	Physical	Total	Percentage of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
Individual/HUF	-	-	-	-	-	-	-	-	-
Central Govt.	-	-	-	-	-	-	-	-	-
State Govt.(s)	-	-	-	-	-	-	-	-	-
Bodies Corp.	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1)</b>	-	-	-	-	-	-	-	-	-
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
Bodies Corp.	4,78,32,539	-	4,78,32,539	67.05	4,78,32,539	-	4,78,32,539	66.71	(0.34)*

Banks / FI	-	-	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2)</b>	<b>4,78,32,539</b>	<b>-</b>	<b>4,78,32,539</b>	<b>67.05</b>	<b>4,78,32,539</b>	<b>-</b>	<b>4,78,32,539</b>	<b>66.71</b>	<b>(0.34)*</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>4,78,32,539</b>	<b>-</b>	<b>4,78,32,539</b>	<b>67.05</b>	<b>4,78,32,539</b>	<b>-</b>	<b>4,78,32,539</b>	<b>66.71</b>	<b>(0.34)*</b>
<b>B. Public Shareholding</b>									
<b>1. INSTITUTIONS</b>									
a) Mutual Funds	33,86,482	-	33,86,482	4.75	16,49,836	-	16,49,836	2.30	(2.45)*
b) Banks / FI	1,79,996	2,000	1,81,996	0.26	2,20,148	2,000	2,22,148	0.31	0.05*
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	39,24,515	-	39,24,515	5.50	67,08,346	-	67,08,346	9.36	3.86*
g) FIs	53,48,068	3,000	53,51,068	7.50	41,75,818	3,000	41,78,818	5.83	(1.67)*
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others - Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	<b>1,28,39,061</b>	<b>5,000</b>	<b>1,28,44,061</b>	<b>18.01</b>	<b>1,27,54,148</b>	<b>5,000</b>	<b>1,27,59,148</b>	<b>17.79</b>	<b>(0.22)*</b>
<b>2. NON-INSTITUTIONS</b>									
<b>a) Bodies Corp.</b>									
i) Indian	10,42,927	4,000	10,46,927	1.47	13,39,993	3,000	13,42,993	1.88	0.41*
ii) Overseas	-	-	-	-	-	-	-	-	-
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	44,14,276	1,36,136	45,50,412	6.39	45,62,539	1,19,136	46,81,675	6.53	0.14*
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	48,59,609	-	48,59,609	6.81	47,89,369	-	47,89,369	6.68	(0.13)*
<b>c) Others (specify)</b>									
Non-Resident Individuals	1,99,675	-	1,99,675	0.28	2,60,599	-	2,60,599	0.36	0.08*
Clearing Members	1,724	-	1,724	0.00	4,988	-	4,988	0.01	0.01*
Trusts	411	-	411	0.00	659	-	659	0.00	0.00*
IEPF	-	-	-	-	32,040	-	32,040	0.04	0.04
<b>Sub-total (B)(2)</b>	<b>1,05,18,622</b>	<b>1,40,136</b>	<b>1,06,58,758</b>	<b>14.94</b>	<b>1,09,91,105</b>	<b>1,22,136</b>	<b>1,11,13,241</b>	<b>15.50</b>	<b>0.56</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>2,33,57,683</b>	<b>1,45,136</b>	<b>2,35,02,819</b>	<b>32.95</b>	<b>2,37,45,253</b>	<b>1,27,136</b>	<b>2,38,72,389</b>	<b>33.29</b>	<b>0.34</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>7,11,90,222</b>	<b>1,45,136</b>	<b>7,13,35,358</b>	<b>100</b>	<b>7,15,77,792</b>	<b>1,27,136</b>	<b>7,17,04,928</b>	<b>100</b>	<b>-</b>

\* In addition to changes on account of purchase/sale of shares, evident from the different shareholding positions beginning and end of the year, the change in % of shareholding during the year is consequent to allotment of shares to employees exercising their options under Employee Stock Option Schemes of the Company.

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### (ii) Shareholding of Promoters

SI no.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year*
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	S & P India LLC	3,12,09,480	43.75	Nil	3,12,09,480	43.52	Nil	-0.23
2.	S&P Global Asian Holdings (Singapore) Pte Limited	1,06,23,059	14.89	Nil	1,06,23,059	14.81	Nil	-0.08
3.	Standard & Poor's International LLC	60,00,000	8.41	Nil	60,00,000	8.37	Nil	-0.04
	<b>TOTAL</b>	<b>4,78,32,539</b>	<b>67.05</b>	<b>Nil</b>	<b>4,78,32,539</b>	<b>66.71</b>	<b>Nil</b>	<b>-0.34</b>

\* The change in % of shareholding during the year is consequent to allotment of shares to employees exercising their options under Employee Stock Option Schemes of the Company.

### (iii) Change in Promoters' shareholding

There are no changes in the Promoter's shareholding during the Financial Year. The percentage change in the Promoters' holding is due to increase in the paid – up share capital of the Company in consequence of allotment of shares to employees exercising their options under Employee Stock Option Schemes of the Company.

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

NOTE: The dates mentioned below are the dates of receipt of statement of beneficial positions from the Depositories

SI no.	For Each of the top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company*
1.	<b>Jhunjunwala Rakesh and Rekha</b>				
	January 01, 2017	40,00,000	5.61*	-	-
	November 03, 2017 - Sale	-7,000	-0.01	39,93,000	5.57
	November 10, 2017 - Sale	-17,500	-0.02	39,75,500	5.54
	November 17, 2017 - Sale	-10,500	-0.01	39,65,000	5.53
	December 31, 2017	39,65,000	5.53*	-	-
2.	<b>Life Insurance Corporation of India</b>				
	We combine the folios of Life Insurance Corporation of India to give a fair representation of the total holding.				
	January 01, 2017	12,13,086	1.70*	-	-
	March 17, 2017 - Purchase	40,000	0.06	12,53,086	1.76
	March 21, 2017 - Purchase	70,000	0.10	13,23,086	1.86
	March 22, 2017 - Purchase	43,700	0.06	13,66,786	1.92
	March 24, 2017 - Purchase	40,835	0.06	14,07,621	1.97
	March 31, 2017 - Purchase	67,500	0.09	14,75,121	2.07
	April 07, 2017 - Purchase	35,111	0.05	15,10,232	2.12
	April 13, 2017 - Purchase	67,833	0.10	15,78,065	2.21
	April 21, 2017 - Purchase	70,725	0.10	16,48,790	2.31
	May 05, 2017 - Purchase	67,115	0.09	17,15,905	2.40
	May 12, 2017 - Purchase	1,50,000	0.21	18,65,905	2.61
	May 19, 2017 - Purchase	1,25,030	0.18	19,90,935	2.79
	May 26, 2017 - Purchase	1,38,802	0.19	21,29,737	2.98
	June 02, 2017 - Purchase	3,14,362	0.44	24,44,099	3.43

SI no.	For Each of the top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company*
	June 09, 2017 - Purchase	1,08,650	0.15	25,52,749	3.58
	June 16, 2017 - Purchase	2,96,404	0.42	28,49,153	3.99
	June 30, 2017 - Purchase	49,217	0.07	28,98,370	4.06
	June 23, 2017 - Purchase	21,099	0.03	29,19,469	4.09
	July 21, 2017 - Purchase	13,106	0.02	29,32,575	4.09
	July 28, 2017 - Purchase	60,000	0.08	29,92,575	4.18
	August 04, 2017 - Purchase	45,214	0.06	30,37,789	4.24
	August 11, 2017 - Purchase	53,071	0.07	30,90,860	4.32
	August 18, 2017 - Purchase	9,418	0.01	31,00,278	4.33
	August 25, 2017 - Purchase	11,665	0.02	31,11,943	4.34
	September 01, 2017 - Purchase	57,329	0.08	31,69,272	4.42
	September 08, 2017 - Purchase	9,527	0.01	31,78,799	4.44
	September 15, 2017 - Purchase	20,888	0.03	31,99,687	4.47
	September 22, 2017 - Purchase	30,125	0.04	32,29,812	4.51
	September 29, 2017 - Purchase	1,19,875	0.17	33,49,687	4.68
	October 13, 2017 - Purchase	78,765	0.11	34,28,452	4.79
	October 20, 2017 - Purchase	27,812	0.04	34,56,264	4.82
	October 27, 2017 - Purchase	50,818	0.07	35,07,082	4.89
	October 31, 2017 - Purchase	6,457	0.01	35,13,539	4.90
	November 03, 2017 - Purchase	32,231	0.04	35,45,770	4.94
	November 10, 2017 - Purchase	41,825	0.06	35,87,595	5.00
	November 17, 2017 - Purchase	36,662	0.05	36,24,257	5.05
	November 24, 2017 - Purchase	27,338	0.04	36,51,595	5.09
	December 01, 2017 - Purchase	27,143	0.04	36,78,738	5.13
	December 08, 2017 - Purchase	37,082	0.05	37,15,820	5.18
	December 15, 2017 - Purchase	1,14,879	0.16	38,30,699	5.34
	December 22, 2017 - Purchase	49,409	0.07	38,80,108	5.41
	December 29, 2017 - Purchase	28,153	0.04	39,08,261	5.45
	December 31, 2017	39,08,261	5.45*	-	-
<b>3.</b>	<b>General Insurance Corporation of India</b>				
	January 01, 2017	27,00,000	3.78*	-	-
	April 7, 2017 - Sale	-30,000	-0.04	26,70,000	3.74
	December 31, 2017	26,70,000	3.74*	-	-
<b>4.</b>	<b>Matthews Funds – Various Funds</b>				
	We combine the folios of all schemes of Matthews Funds under the Foreign Institutional Investors category to give a fair representation of the total holding.				
	January 01, 2017	17,90,341	2.51*	-	-
	January 06, 2017 - Sale	-1,032	0.00	17,89,309	2.51
	January 27, 2017 - Sale	-3,142	0.00	17,86,167	2.50
	March 31, 2017 - Sale	-17,304	-0.02	17,68,863	2.48
	May 12, 2017 - Sale	-10,546	-0.01	17,58,317	2.46
	May 19, 2017 - Sale	-7,618	-0.01	17,50,699	2.45
	June 16, 2017 – Sale	-1,48,047	-0.21	16,02,652	2.25
	September 15, 2017 – Sale	-39,845	-0.06	15,62,807	2.18

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SI no.	For Each of the top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company*
	September 22, 2017 – Sale	-31,130	-0.04	15,31,677	2.14
	September 29, 2017 – Sale	-74,931	-0.10	14,56,746	2.03
	October 06, 2017 – Sale	-5,629	-0.01	14,51,117	2.03
	October 13, 2017 – Sale	-9,973	-0.01	14,41,144	2.01
	October 27, 2017 – Sale	-77,935	-0.11	13,63,209	1.90
	October 31, 2017 – Sale	-15,099	-0.02	13,48,110	1.88
	December 31, 2017	13,48,110	1.88*	-	-
<b>5.</b>	<b>ICICI Prudential - Various Funds</b>				
	We combine the folios of all schemes of ICICI Prudential to give a fair representation of the total holding.				
	January 01, 2017	1,79,296	0.25*	-	-
	February 10, 2017 - Purchase	5,505	0.01	1,84,801	0.26
	March 31, 2017 - Purchase	1,07,818	0.15	2,92,619	0.41
	April 07, 2017 - Purchase	52,282	0.07	3,44,901	0.48
	May 19, 2017 - Purchase	59,935	0.08	4,04,836	0.57
	October 31, 2017 - Purchase	4,666	0.01	4,09,502	0.57
	December 31, 2017	4,09,502	0.57*	-	-
<b>6.</b>	<b>Sundaram – Various Funds</b>				
	We combine the folios of all schemes of Sundaram Mutual Fund to give a fair representation of the total holding.				
	January 01, 2017	1,32,872	0.18*	-	-
	January 20, 2017 – Purchase	20,095	0.03	1,52,967	0.21
	January 27, 2017 – Purchase	4,905	0.01	1,57,872	0.22
	February 10, 2017 – Purchase	2,36,792	0.33	3,94,664	0.55
	March 31, 2017 – Purchase	11,201	0.02	4,05,865	0.57
	April 07, 2017 – Purchase	9,729	0.01	4,15,594	0.58
	April 13, 2017 – Purchase	10,700	0.01	4,26,294	0.60
	April 21, 2017 – Purchase	5,300	0.01	4,31,594	0.60
	April 28, 2017 – Purchase	1,000	0.00	4,32,594	0.61
	May 05, 2017 – Purchase	1,000	0.00	4,33,594	0.61
	May 12, 2017 – Purchase	1,500	0.00	4,35,094	0.61
	May 19, 2017 – Purchase	1000	0.00	4,36,094	0.61
	June 02, 2017 – Purchase	1000	0.00	4,37,094	0.61
	June 09, 2017 – Purchase	1000	0.00	4,38,094	0.61
	June 16, 2017 – Purchase	1,500	0.00	4,39,594	0.62
	June 26, 2017 – Purchase	500	0.00	4,40,094	0.62
	July 14, 2017 – Purchase	7,507	0.01	4,47,601	0.63
	July 21, 2017 – Purchase	3,858	0.01	4,51,459	0.63
	July 28, 2017 – Purchase	2,000	0.00	4,53,459	0.63
	August 04, 2017 – Purchase	1,000	0.00	4,54,459	0.63
	August 18, 2017 – Purchase	2,000	0.00	4,56,459	0.64
	August 25, 2017 – Purchase	613	0.00	4,57,072	0.64
	October 06, 2017 – Purchase	2,000	0.00	4,59,072	0.64
	November 03, 2017 – Purchase	2,546	0.00	4,61,618	0.64
	November 17, 2017 – Purchase	1,45,000	0.20	6,06,618	0.85
	December 01, 2017 – Purchase	5,000	0.01	6,11,618	0.85

SI no.	For Each of the top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company*
	December 22, 2017 – Purchase	2,500	0.00	6,14,118	0.86
	December 31, 2017	6,14,118	0.86*		
<b>7.</b>	<b>HDFC Standard Life Insurance Company Limited / HDFCL Shareholders Solvency Margin Account</b>				
	January 01, 2017	4,19,314	0.59*	-	-
	January 13, 2017 – Sale	-5,000	-0.01	4,14,314	0.58
	January 20, 2017 – Sale	-163	0.00	4,14,151	0.58
	February 03, 2017 – Sale	-10,000	-0.01	4,04,151	0.57
	February 10, 2017 – Sale	-4,427	-0.01	3,99,724	0.56
	March 21, 2017 - Purchase	25,000	0.04	4,24,724	0.60
	March 22, 2017 - Purchase	300	0.00	4,25,024	0.60
	March 31, 2017 - Sale	-2,439	0.00	4,22,585	0.59
	April 07, 2017 - Purchase	400	0.00	4,22,985	0.59
	April 13, 2017 - Sale	-472	0.00	4,22,513	0.59
	April 21, 2017 - Sale	-50	0.00	4,22,463	0.59
	April 28, 2017 - Sale	-256	0.00	4,22,207	0.59
	May 05, 2017 - Sale	-400	0.00	4,21,807	0.59
	May 12, 2017 - Purchase	50	0.00	4,21,857	0.59
	May 19, 2017 - Sale	-100	0.00	4,21,757	0.59
	June 30, 2017 - Sale	-34	0.00	4,21,723	0.59
	July 21, 2017 - Purchase	62	0.00	4,21,785	0.59
	July 28, 2017 - Sale	-570	0.00	4,21,215	0.59
	August 04, 2017 - Sale	-50	0.00	4,21,165	0.59
	September 01, 2017 - Sale	-50	0.00	4,21,115	0.59
	September 08, 2017 - Purchase	50	0.00	4,21,165	0.59
	September 15, 2017 - Sale	-50	0.00	4,21,115	0.59
	September 22, 2017 - Sale	-1,101	0.00	4,20,014	0.59
	September 29, 2017 - Purchase	19,950	0.03	4,39,964	0.61
	October 02, 2017 - Purchase	10,000	0.01	4,49,964	0.63
	November 03, 2017 - Sale	-165	0.00	4,49,799	0.63
	November 10, 2017 - Purchase	19,900	0.03	4,69,699	0.66
	December 31, 2017	4,69,699	0.66*	-	-
<b>8.</b>	<b>Unit Trust of India – Various Funds</b>				
	We combine the folios of all schemes of UTI Mutual Fund to give a fair representation of the total holding.				
	January 01, 2017	11,95,088	1.68*	-	-
	February 17, 2017 – Purchase	5,000	0.00	12,00,088	1.68
	March 03, 2017 – Sale	-214	0.00	11,99,874	1.68
	March 21, 2017 – Sale	-4,273	0.00	11,95,601	1.68
	March 24, 2017 – Sale	-2,428	0.00	11,93,173	1.67
	March 31, 2017 – Sale	-23,505	0.00	11,69,668	1.64
	April 28, 2017 – Sale	-52,818	-0.07	11,16,850	1.57
	May 05, 2017 – Sale	-33,070	-0.05	10,83,780	1.52
	May 12, 2017 – Sale	-1,03,899	-0.15	9,79,881	1.37
	May 19, 2017 – Sale	-67,533	-0.09	9,12,348	1.28
	May 26, 2017 – Sale	-1,00,000	-0.14	8,12,348	1.14

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SI no.	For Each of the top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company*
	June 02, 2017 – Sale	-2,48,399	-0.35	5,63,949	0.79
	June 09, 2017 – Sale	-57,000	-0.08	5,06,949	0.71
	June 16, 2017 – Sale	-34,212	-0.05	4,72,737	0.66
	June 23, 2017 – Sale	-95,701	-0.13	3,77,036	0.53
	July 7, 2017 – Sale	-26,064	-0.04	3,50,972	0.49
	July 21, 2017 – Sale	-13,827	-0.02	3,37,145	0.47
	September 01, 2017 – Sale	-124	0.00	3,37,021	0.47
	September 02, 2017 – Sale	-210	0.00	3,36,811	0.47
	October 27, 2017 – Sale	-13,266	-0.02	3,23,545	0.45
	October 31, 2017 – Sale	-103	0.00	3,23,442	0.45
	November 03, 2017 – Sale	-9,000	-0.01	3,14,442	0.44
	December 08, 2017 – Sale	-10,000	-0.01	3,04,442	0.42
	December 15, 2017 – Sale	-89,744	-0.13	2,14,698	0.30
	December 31, 2017	2,14,698	0.30*	-	-
<b>9.</b>	<b>Mondrian Emerging Market / Investments</b>				
	We combine the folios of all schemes of Mondrian under the Foreign Institutional Investors category to give a fair representation of the total holding.				
	January 01, 2017	5,49,422	0.77*	-	-
	January 13, 2017 –Sale	-6,123	-0.01	5,43,299	0.76
	January 20, 2017 –Sale	-10,832	-0.02	5,32,467	0.75
	January 27, 2017 –Sale	-6,970	-0.01	5,25,497	0.74
	February 03, 2017 –Sale	-13,973	-0.02	5,11,524	0.72
	February 10, 2017 –Sale	-32	0.00	5,11,492	0.72
	February 17, 2017 –Sale	-151	0.00	5,11,341	0.72
	March 21, 2017 –Sale	-11,043	-0.02	5,00,298	0.70
	March 22, 2017 –Sale	-5,500	-0.01	4,94,798	0.69
	March 24, 2017 –Sale	-18,900	-0.03	4,75,898	0.67
	April 21, 2017 –Sale	-46,750	-0.07	4,29,148	0.60
	April 28, 2017 –Sale	-7,715	-0.01	4,21,433	0.59
	June 09, 2017 –Sale	-23,866	-0.03	3,97,567	0.56
	June 16, 2017 –Sale	-22,554	-0.03	3,75,013	0.53
	July 07, 2017 –Sale	-26,801	-0.04	3,48,212	0.49
	July 21, 2017 –Sale	-12,900	-0.02	3,35,312	0.47
	July 28, 2017 –Sale	-29,597	-0.04	3,05,715	0.43
	August 04, 2017 –Sale	-18,000	-0.03	2,87,715	0.40
	August 11, 2017 –Sale	-25,425	-0.04	2,62,290	0.37
	December 01, 2017 -Sale	-3,346	0.00	2,58,944	0.36
	December 08, 2017 -Sale	-11,710	0.00	2,47,234	0.34
	December 31, 2017	2,47,234	0.34*	-	-
<b>10.</b>	<b>SBI Magnum Global Fund/SBI Magnum Taxgain Scheme</b>				
	January 01, 2017	4,40,000	0.62*	-	-
	March 21, 2017 - Purchase	1,50,000	0.21	5,90,000	0.83
	March 31, 2017 - Sale	-1,10,000	-0.15	4,80,000	0.67
	May 05, 2017 - Sale	-1,47,702	-0.21	3,32,298	0.47

Sl no.	For Each of the top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company*
	May 12, 2017 - Sale	-90,383	-0.13	2,41,915	0.34
	May 26, 2017 - Sale	-44,903	-0.06	1,97,012	0.28
	June 02, 2017 - Sale	-47,012	-0.07	1,50,000	0.21
	December 31, 2017	1,50,000	0.21*	-	-

\*Other than the change in shareholding due to purchase or sale of shares done by each of the aforementioned shareholders, the change in % of shareholding during the year is also consequent to allotment of shares to employees exercising their options under Employee Stock Option Schemes of the Company.

#### (v) Shareholding of Directors and Key Managerial Personnel (KMP):

None of the directors or Key Managerial Personnel hold shares in the Company.

#### V. Indebtedness

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

(Rs. in crore)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	Nil	58.56	Nil	58.56
Reduction	Nil	58.56	Nil	58.56
Net Change	Nil	Nil	Nil	Nil
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

## Annexure VI to the Directors' Report

### VI. Remuneration of Directors and Key Managerial Personnel :

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Name of MD/WTD/Manager: Ms. Ashu Suyash, Managing Director & CEO

SI No.	Particulars of remuneration	Name of MD/WTD/Manager Ms. Ashu Suyash Managing Director & CEO	Total
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961*	3,28,82,634	3,28,82,634
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	39,600
	(c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961 (Variable Pay)	0	0
2.	Stock Options (Perquisite value)	Nil	Nil
3.	Sweat equity	Nil	Nil
4.	Commission		
	- as % of profit	Nil	Nil
	- others (Variable Pay)	2,67,00,000	2,67,00,000
5.	Others, please specify	Nil	Nil
	<b>Total</b>	<b>5,96,22,234</b>	<b>5,96,22,234</b>
	Ceiling as per the Act	Rs. 17.38 crore (being 5% of Net Profits of the Company as calculated as per Section 198 of the Companies Act, 2013)	

\* As the future liability for gratuity and leave encashment is provided on an accrual basis for the group as a whole, the amount pertaining to the same is not included above.

B. Remuneration to other Directors:

SI no.	Name of Directors	Particulars of remuneration			Total Amount (Rs.)
		Fee for attending board / committee meetings (Rs.)	Commission (Rs.)	Others, please specify (Rs.)	
<b>Independent Directors</b>					
1	Mr. H. N. Sinor**	10,35,000	24,00,000	Nil	34,35,000
2	Dr. Nachiket Mor	4,00,000	29,00,000	Nil	33,00,000
3	Mr. M. Damodaran	10,40,000	29,00,000	Nil	39,40,000
4	Ms. Vinita Bali	10,25,000	29,00,000	Nil	39,25,000
5.	Mr. Girish Paranjpe§	1,30,000	6,00,000	Nil	7,30,000
<b>Non-Executive Directors</b>					
6.	Mr. Douglas Peterson#	Nil*	Nil*	Nil	Nil
7.	Ms. Martina Cheung	Nil*	Nil*	Nil	Nil
8.	Mr. John L. Berisford	Nil*	Nil*	Nil	Nil
9.	Mr. Ewout Steenbergen§	Nil*	Nil*	Nil	Nil
10.	Mr. Ravinder Singhania (Alternate to Mr. John L. Berisford)	Nil	Nil	Nil	Nil

\* Since April 2015, S&P Global has waived the sitting fees and commission paid to its nominees.

\*\* Ceased to be Director with effect from October 25, 2017.

# Resigned with effect from October 17, 2017.

§ Appointed as Directors on October 17, 2017.

## Total Managerial Remuneration :

SI No.	Particulars	Amount (Rs.)
1.	Remuneration to Managing Director, Whole-time Directors and/or Manager (as per A above)	5,96,22,234
2.	Remuneration to other Directors (as per B above)	1,53,30,000
	<b>TOTAL</b>	<b>7,49,52,234</b>
	Overall Ceiling as per the Act (%)	Rs. 20.86 crore (being 6% of Net Profits of the Company as calculated as per Section 198 of the Companies Act, 2013)

## C. Remuneration to Key Managerial Personnel Other than MD / Whole-time Director/ Manager:

Sl. no.	Particulars of remuneration	Key Managerial Personnel*		Total amount
		Chief Financial Officer (Mr. Amish Mehta)	Company Secretary (Ms. Minal Bhosale)	
1.	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961*	2,29,39,578	66,40,074	2,95,79,652
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 (Variable Pay)	NIL	NIL	NIL
2.	Stock option (Perquisite value)	NIL	NIL	NIL
3.	Sweat equity	NIL	NIL	NIL
4.	Commission			
	- as % of profit	NIL	NIL	NIL
	- others, (Variable Pay)	95,19,730	19,73,160	1,14,92,890
5.	Others, please specify	NIL	NIL	NIL
	<b>Total (A)</b>	<b>3,24,59,308</b>	<b>86,13,234</b>	<b>4,10,72,542</b>

\* As future liability for gratuity and leave encashment is provided on an actuarial basis for the Group as a whole, the amount pertaining to key managerial personnel is not included above.

## VII. Penalties / Punishment/ Compounding of Offences:

Type	Section of the Companies Act	Brief description	Details of penalty / punishment/ compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
<b>A. Company</b>					
Penalty			Not Applicable		
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty					
Punishment					
Compounding					
<b>C. Other Officers in Default</b>					
Penalty					
Punishment					
Compounding					

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

Mumbai, February 13, 2018

**John L. Berisford**  
 Chairman  
 (DIN: 07554902)

# Annexure to the Directors' Report

## Management Discussion and Analysis Report

### CRISIL Businesses

CRISIL is a leading, agile and innovative, global analytics company driven by its mission of making markets function better.

We are India's foremost provider of ratings, data, research, analytics and solutions, with a strong track record of growth and innovation. CRISIL delivers independent opinions, actionable insights, and efficient solutions to over 100,000 customers. CRISIL's businesses operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

CRISIL is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide (NYSE:SPGI).

### CRISIL Ratings

India's business environment for the credit rating business overall was positive mainly due to improving credit quality of corporate India, higher share of capital market borrowings due to falling interest rates and continued growth of the retail financing industry. However, the industry was impacted by weak investment climate, elevated level of non-performing assets in the banking sector, the implementation of the Goods and Services Tax (GST), and the transient effect of demonetisation.

CRISIL Ratings maintained its market leadership position in 2017, driven by strong performance in bond ratings and new client acquisitions. It launched India's first expected loss rating scale for infrastructure projects (EL Infra) and was the first to assign rating to a hybrid annuity model-based road project. CRISIL announced 2,982 new Bank Loan Ratings and 15,000 Small and Medium Enterprises (SME) ratings during the year. CRISIL has rated more than 25,000 large and mid-scale corporates. CRISIL has also rated or assessed about 125,000 SMEs in India. CRISIL has enhanced engagement with S&P Global Ratings in surveillance and risk and regulatory support. Through Global Analytical Centre (GAC), CRISIL provides analytical, research and data services to S&P Global Inc. globally.

### CRISIL Research

(Includes Global Research Analytics, India Research and CRISIL Coalition)

#### CRISIL Global Research & Analytics (CRISIL GR&A)

Regulatory developments across the globe have been a major driver for the banking industry in 2017. In response to persistent cost pressures and squeezed margins, banks have continued to monitor closely and to transform their front, middle, and

back-office operations in order to realize cost efficiencies and to differentiate their services. The upcoming implementation of the Markets in Financial Instruments Directive II (MiFID II) regulations are expected to cause material decline within the sell-side securities research. Global Model Risk Management guidelines have started to converge, with the US supervisors' SR 11-7 guidelines serving as the benchmark. 2017 also witnessed continued regulatory scrutiny of banking institutions and fines for non-compliance with regulatory mandates, further exacerbating cost pressures.

CRISIL GR&A are market leaders providing cutting edge financial research and risk & analytics support to our client base of more than 75 global banks, 50+ buy side firms, insurance companies, corporations, consulting firms, private equity and asset management firms, supporting 15 of the top 20 global investment banks and provide coverage of over 3,300 stocks and 3,400 credits globally. CRISIL Research launched automation platform (SMART) in New York this year. It has gained a lot of interest in the market and we have managed to complete several successful pilots and demos to our existing and prospective clients.

Market appetite for GR&A's stress testing, model validation, regulatory change management, and financial crime and compliance (FCC) analytics continues to be strong. In addition, the industry is increasingly adopting advanced automation and analytics solutions like Machine Learning (ML), Artificial Intelligence (AI), and Big Data, and streamlining data analysis practice.

In the Financial Research business, CRISIL has managed to make inroads in regional and mid-tier bank segments in US and UK despite challenging business environment and uncertainties surrounding upcoming MiFID II implementation. Buy-side continues to be a growth vertical – CRISIL has added multiple new logos in this segment and has significantly increased its market outreach across the various geographies. Risk & Analytics business has started to reap meaningful returns from investments made in previous years. 2017 was a year of substantial growth for FCC analytics and change management offerings, specifically for FRTB and risk data aggregation guidelines. Knowledge management and process optimisation through various initiatives have started to produce incisive outputs, making the business processes more efficient and streamlined.

#### India Research

India Research works with nearly 1000 Indian and global clients, including 90% of India's banking industry by asset base, 15 of the top 25 Indian companies by market capitalisation, all Indian mutual fund (MF) and life insurance companies and 4 of the

world's leading consulting firms. CRISIL's India Research is India's most credible provider of economy and industry research, with coverage across 86 sectors and is the largest provider of valuation of fixed-income securities to mutual funds, insurance and banking industries, valuing over \$1.57 trillion of Indian debt securities. CRISIL India Research maintains over 45 standard indices and 100+ customised indices and provides due-diligence and ranking services to mutual funds and insurers. CRISIL India Research successfully launched our new product Quantix, a cross-segment analytics tool – our big bet to drive growth in the Research business. We also entered the eLearning space with a bouquet of credit & risk management course modules. During the year, Customised and Fixed Income Research business witnessed healthy revenue growth by winning mandates from Automobiles, BFSI, Logistics, General Insurers and Corporates.

#### CRISIL Coalition

CRISIL Coalition embarked on several initiatives to enhance its market relevance and connect with customers. These initiatives included reaching out to prospective clients, including regional players. In 2017, CRISIL Coalition added 7 new customers to its impressive list of global investment banks. Coalition also enhanced its analytics to provide a comprehensive set of analytics to the customers.

CRISIL Coalition commercialised its services in transaction banking during the year and also launched new analytics for treasury and lending. These services have received good traction with customers. Coalition also extended its outreach to senior levels at banks and established deeper connects with heads of Corporate and Investment Banks. More than 90+ publications globally carried Coalition's views and quoted it during the year. Coalition was referenced by 15 leading banks in 20+ investor relations presentations.

#### CRISIL Infrastructure Advisory and Risk Solution (CRIS)

(Includes Infrastructure Advisory and Risk Solutions)

CRISIL Infrastructure Advisory hosted the first 'CRISIL India Infrastructure Conclave', which launched the inaugural edition of CRISIL India Infrastructure Yearbook and 'CRISIL Infralnvex' – the country's first investability index. Infrastructure sector remains one of the top-most priorities for the country, and it was heartening to see the government of India giving it the right impetus by launching new programmes and schemes like Bharatmala, Sagarmala, UDAN and Saubhagya. The Smart City mission also picked up momentum with a total of 90+ cities being selected under the challenge mechanism till the end of the year. The roads sector showed appreciable progress with significant improvement in the risk profile of ongoing highway projects.

CRISIL Infrastructure Advisory business momentum continued throughout the year, and had a record year in terms of new business booked. Some key wins in the urban reforms and municipal finance area – mainly in the area of implementation support for smart cities, and Value Capture Finance (VCF) potential assessment for 50 cities in India – helped the business in strengthening its leadership position in the area of urban infrastructure advisory.

CRISIL Risk Solutions (CRS) provides a comprehensive range of risk management tools, analytics and solutions to financial institutions, banks and corporates in India, the Middle East, Africa, south Asia and south-east Asia. CRS has helped over 80 banks and financial institutions adopt best practices in risk management including providing solutions to 9 out of top 10 banks in India, and undertaken risk management assignments across 15 countries.

CRS's risk advisory service business has shown good momentum and continues to be an opportunity to show its deep domain expertise especially in the credit domain and analytics. The business continued to focus on product initiatives and expanding risk advisory offerings for NBFCs and increased collaboration with S&P Global Inc. The international market has witnessed good momentum for its new offering around Expected Credit Loss (ECL) computations catering to IFRS9 regulations.

#### Analysis of Consolidated Financial Condition and Result of Operations

The Consolidated financial statements include the financial statements of CRISIL Limited consolidated with the financial statements of its wholly owned subsidiaries ('Group'). Subsidiaries are all entities (including special purpose entities) that are controlled by the Company. The financial statements of the Group and its' subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after duly eliminating intra-group balances and intra-group transactions and resulting gains/ losses. 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 financial statements have been prepared under 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. The management accepts responsibility for the integrity and objectivity of the financial statements, as well as for the various estimates and judgment used therein.