Financial Statements

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Independent Auditor's Report

To the Members of CRISIL Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of CRISIL Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at December 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the branch auditor on separate financial statements and on the other financial information of the branch of a subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at December 31, 2019, and its consolidated profit (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the branch auditor in terms of their reports referred to in paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the branch auditor on separate financial statements and on the other financial information of the branch of a subsidiary, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition The Group's income from operations comprises of income from initial rating and surveillance services, global research and analytical services, customised research, special assignments and subscriptions to information products and services, revenue from initial public offering (IPO) grading services, independent equity research (IER) services, infrastructure advisory and risk management services. Refer Note 2.18 to the consolidated financial statements, for details of revenue recognised during the year.	Our audit of the recognition of contract revenue included, but was not limited to, the following: • Obtained an understanding of the revenue and receivable business process, and assessed the appropriateness of the revenue recognition policies adopted by the Group; • Obtained an understanding of management's processes and controls around adoption of IND AS 115. We sought explanations from the management for areas involving complex judgements or interpretations to assess its appropriateness.

Key audit matter	How our audit addressed the key audit matter
As described in Note 2.18 to the consolidated financial statements, effective January 1, 2019, the Company has adopted Ind AS 115, Revenue from Contracts with Customers ('Ind AS 115'), during the year under audit, which is the new revenue accounting standard, and replaces the existing standard – Ind AS 18, Revenue. The Group has chosen to apply the new accounting standard using the cumulative catch-up transition method. The application of and transition to this accounting standard is complex and an area of focus in the audit, as the determination of transition impact involved application of significant judgements and estimates relating to identification of distinct performance obligations, determination of transaction price of identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, the standard mandates robust disclosures in respect of revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date. Due to the significance of the item to the financial statements, complexities involved, and management judgement involved for ensuring appropriateness of accounting treatment, this matter has been identified as a key audit matter for the current year's audit.	• Evaluated key controls around the recognition of contract revenue. Tested the design, implementation and operating effectiveness of these identified key controls during the year and as at the year-end. • Evaluated the appropriateness of accounting policies selected by the Group on adoption of IND AS 115 on the basis of our understanding of the Group, the nature and size of its operations, and the requirement of relevant accounting standards under the IND AS framework; • On a sample of contracts, tested the revenue recognition and our procedures included: - reviewing the contract terms and conditions; - evaluating the identification of performance obligations of the contract; - evaluating the appropriateness of management's assessment of manner of satisfaction of performance obligations and consequent recognition of revenue; and - evaluating the reasonableness of the estimates involved in the recognition of revenue from initial rating and surveillance services including testing the calculation of fee allocation to rating and surveillance, in determining revenue from infrastructure advisory and risk management services in accordance with the percentage of completion method etc.; • Tested revenue recognition for cut-off transactions on sample basis to assess whether the timing of revenue recognition is appropriate; • Assessed that the disclosures made by the management in respect of applicability of the new accounting standard and for revenue recorded during the year are adequate.
Impairment of Goodwill As described in Note 4 to the consolidated financial statements, as at December 31, 2019, the Group's goodwill balance of Rupees 28,861 lakhs, which has been allocated to the two Cash-generating units (CGUs) of the Group, represents 17% of total assets of the Group. The goodwill balance is tested for impairment by the management at least annually at the CGU level, in accordance with the applicable accounting standards. The carrying values of goodwill will be recovered through future cash flows and there is a risk that the assets will be impaired if these cash flows do not meet the Group's expectations. The value-in-use of the CGUs has been derived from discounted cash flow (DCF) method. The aforesaid assessment of the impairment involves exercising significant judgements relating to assumptions	Our audit procedures in relation to testing of goodwill impairment included, but was not limited to the following: • Obtained an understanding of the management's process for impairment analysis including identification of CGUs, and test of impairment of goodwill allocated to these CGUs; • Tested the design, implementation, and operating effectiveness of key internal controls over such identification and test of impairment; • Evaluated and challenged the appropriateness of forecasted revenues and budgeted operating costs relating to the respective CGUs, based on our understanding of the business of the respective CGUs, past performance of CGUs and knowledge of the industry;

Key audit matter	How our audit addressed the key audit matter
and estimates involved in forecasting future cash flows, including identification of cash-generating units, business plans and operating results. These assumptions include long-term growth rates, discount rates, terminal growth rates used, etc. A significant amount of audit effort was required, particularly as some of these assumptions are dependent on current economic conditions and trends, anticipated future economic and regulatory conditions, estimated future operating results, and trading conditions varying for different economic and geographical territories. Considering the significance of the amounts involved, degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the cash flows used in the impairment evaluation we have determined impairment of goodwill as a key audit matter.	• Tested the mathematical accuracy of the calculations used in management testing; • Evaluated the reasonableness of the assumptions used in the cash flow forecasts, including discount rates, long-term growth rates and terminal growth rates used; • Reconciled the cash flows to the business plans approved by the Board of Directors for the CGU; • Performed independent sensitivity analysis, which included assessing the effect of reasonably possible variations in significant assumptions on the currently estimated recoverable amount for respective CGUs; and • Evaluated the adequacy of disclosures given in the consolidated financial statements, including disclosures of significant assumptions, and judgements, in accordance with applicable accounting standards.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors /management of the companies included in the Group, covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group (covered under the Act) have adequate internal financial controls system in place and the operating effectiveness of such controls.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. We did not audit the financial statements of one branch of a subsidiary, whose financial statements reflects total assets of Rupees 1,146.29 lakhs and net assets of Rupees 1,004.83 lakhs as at December 31, 2019, total revenues of Rupees 2,760.62 lakhs and net cash inflows amounting to Rupees 134.17 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by the branch auditor, whose report has been furnished to us by the management, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this branch, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid branch of a subsidiary is based solely on the audit report of the branch auditor.

    Further, branch of the subsidiary referred above is located outside India, whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in its respective country and which have been audited by branch auditor under generally accepted auditing standards applicable in the respective country. The Holding Company's management has converted the financial statements of such branch located outside India from accounting principles generally accepted in their respective country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion, and matters identified and disclosed under key audit matters section above, in so far as it relates to the balances and affairs of such branch of a subsidiary located outside India is based on the report of the branch auditor and the conversion adjustments prepared by the management of the Holding Company and audited by us.

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

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, based on our audit, we report that the Holding Company and its one subsidiary company covered under the Act, paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that two subsidiary companies covered under the Act has not paid or provided for any managerial remuneration during the year.

17. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the report of the branch auditor on separate financial statements and other financial information of the branch of a subsidiary we report, to the extent applicable, that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

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

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

    d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;

    e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor of its subsidiary companies, covered under the Act, none of the directors of the Group companies, covered under the Act, are disqualified as on December 31 2019 from being appointed as a director in terms of Section 164(2) of the Act.

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

    g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our

information and according to the explanations given to us and based on the consideration of the report of the branch auditor on separate financial statements as also the other financial information of a branch of a subsidiary:

i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 36 A to the consolidated financial statements;

ii. the Group does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at December 31, 2019;

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, during the year ended December 31, 2019; and

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from November 8, 2016 to December 30, 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

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

Khushroo B. Panthaky
Partner
Membership No.: 42423

UDIN: 20042423AAAABA9272

Place: Mumbai
Date: February 11, 2020

Annexure I to the Independent Auditor's Report of even date to the members of CRISIL Limited on the consolidated financial statements

for the year ended December 31, 2019

Annexure I

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

1. In conjunction with our audit of the consolidated financial statements of CRISIL Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended December 31, 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company, its three subsidiary companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

Auditor's Responsibility for the Audit of the Internal Financial Controls

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, and its three subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company, and its three subsidiary companies as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Holding Company and its three subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at December 31, 2019, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Khushroo B. Panthaky
Partner
Membership No.: 42423

UDIN: 20042423AAAABA9272

Place: Mumbai
Date: February 11, 2020

Consolidated Balance Sheet

as at December 31, 2019

(Rupees in lakhs)

Particulars	Notes	As at December 31, 2019	As at December 31, 2018
ASSETS			
1. Non-current assets			
(a) Property, plant and equipment	3	3,512	4,104
(b) Goodwill	4	28,861	27,725
(c) Intangible assets	5	2,515	3,164
(d) Intangible assets under development		1,180	744
(e) Financial assets			
i. Investments	6	20,080	29,359
ii. Loans	7	3,421	3,674
iii. Other financial assets	8	87	42
(f) Deferred tax assets (net)	9	4,259	5,676
(g) Tax assets	10	7,396	5,605
(h) Other non-current assets	11	1,066	790
2. Current assets			
(a) Financial assets			
i. Investments	6	25,225	18,303
ii. Trade receivables	12	19,937	28,483
iii. Cash and cash equivalents	13	34,169	20,307
iv. Other bank balances	14	389	403
v. Loans	15	722	845
vi. Other financial assets	16	7,901	9,407
(b) Other current assets	17	7,835	4,427
3. Asset held for sale	18	318	318
TOTAL ASSETS		**168,873**	**163,376**
EQUITY AND LIABILITIES			
1. Equity			
(a) Equity share capital	19	723	721
(b) Other equity		116,469	112,904
2. Non-current liabilities			
(a) Financial liabilities			
i. Borrowings	20	4	8
ii. Other financial liabilities	21	782	774
(b) Provisions	22	1,514	1,376
3. Current liabilities			
(a) Financial liabilities			
i. Short term borrowings	23	258	246
ii. Trade payables	24		
- to micro enterprises and small enterprises		3	26
- to others		7,543	6,451
iii. Other financial liabilities	25	16,035	15,939
(b) Provisions	26	6,613	6,335
(c) Tax liabilities	27	1,530	1,176
(d) Other current liabilities	28	17,399	17,420
TOTAL EQUITY AND LIABILITIES		**168,873**	**163,376**
Summary of significant accounting policies	2		

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

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

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

Khushroo B Panthaky
Partner
Membership No.: 42423

Date: February 11, 2020
Place: Mumbai

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

John L. Berisford
Chairman
[DIN: 07554902]

Girish Paranjpe
Director
[DIN: 02172725]

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

Date: February 11, 2020
Place: Mumbai

M. Damodaran
Director
[DIN: 02106990]

Arundhati Bhattacharya
Director
[DIN: 02011213]

Sanjay Chakravarti
Chief Financial Officer

Vinita Bali
Director
[DIN: 00032940]

Ewout Steenbergen
Director
[DIN: 07956962]

Minal Bhosale
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended December 31, 2019

(Rupees in lakhs)

Particulars	Notes	Year ended December 31, 2019	Year ended December 31, 2018
Income			
Revenue from operations	29	173,172	174,849
Other income	30	7,284	7,341
Total		**180,456**	**182,190**
Expenses			
Employee benefit expenses	31	87,756	88,736
Finance cost	32	23	223
Depreciation and amortisation expenses	3,5	3,686	4,282
Other expenses	33	39,832	38,990
Total		**131,297**	**132,231**
Profit before tax		**49,159**	**49,959**
Tax expense	9		
Current tax		13,115	15,707
Deferred tax		1,649	(2,058)
Total tax expense		**14,764**	**13,649**
Profit after tax for the year		**34,395**	**36,310**
Other comprehensive (income)/expense (OCI)			
A. Items that will be reclassified to profit or loss:			
Exchange differences in translating the financial statements of a foreign operation		(845)	(482)
The effective portion of gains or (loss) on hedging instruments in a cash flow hedge		290	1,100
Tax effect on above		(101)	(385)
B. Items that will not be reclassified to profit or loss:			
Remeasurements of the defined benefit plans		252	44
Equity instruments through other comprehensive income		9,279	9,252
Tax effect on above		(100)	(66)
Total comprehensive income for the year		**25,620**	**26,847**
Profit attributable to:			
Owners of the Company		34,395	36,310
Non-controlling interest		-	-
Total comprehensive income attributable to:			
Owners of the Company		25,620	26,847
Non-controlling interest		-	-
Earnings per share : Nominal value of Rupee 1 per share	46		
Basic		47.61	50.50
Diluted		47.55	50.33
Number of equity shares used in computing earnings per share	46		
Basic		72,243,688	71,904,428
Diluted (Refer Note 46)		72,339,528	72,148,415
Summary of significant accounting policies	2		

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

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

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

Khushroo B Panthaky
Partner
Membership No.: 42423

Date: February 11, 2020
Place: Mumbai

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

John L. Berisford
Chairman
[DIN: 07554902]

M. Damodaran
Director
[DIN: 02106990]

Vinita Bali
Director
[DIN: 00032940]

Girish Paranjpe
Director
[DIN: 02172725]

Arundhati Bhattacharya
Director
[DIN: 02011213]

Ewout Steenbergen
Director
[DIN: 07956962]

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

Sanjay Chakravarti
Chief Financial Officer

Minal Bhosale
Company Secretary

Date: February 11, 2020
Place: Mumbai

Consolidated Cash Flow Statement

for the year ended December 31, 2019

(Rupees in lakhs)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
A. Cash flow from operating activities:		
Profit before tax	49,159	49,959
Adjustments for:		
Depreciation	3,686	4,282
Interest income on financial assets carried at amortized cost	(230)	(275)
Monetary gain from hyperinflation (Refer Note 41)	142	(307)
Unrealised foreign exchange loss	192	(335)
(Profit)/ loss on sale of fixed assets	(27)	(86)
(Profit)/ loss on sale of current investments	(981)	(340)
(Profit)/ loss on fair valuation of current investments	(387)	(145)
Provision for doubtful debts / bad debts	-	3,754
Provision for doubtful security deposits	-	10
Excess provision written back	(349)	-
Interest on bank deposits	(109)	(86)
Interest on Income tax refund	(369)	-
Share based payment to employees	814	1,876
Dividend on investments	(777)	(1,457)
Interest expense/finance cost	23	223
Operating profit before working capital changes	**50,787**	**57,073**
Movements in working capital		
- (Increase)/decrease in trade receivables	8,579	(5,855)
- (Increase)/decrease in loans	616	24
- (Increase)/decrease in other non current assets	(389)	(256)
- (Increase)/decrease in other current financial assets	1,212	(213)
- (Increase)/decrease in other current assets	(3,379)	94
- Increase/(decrease) in trade payables	1,113	672
- Increase/(decrease) in provisions	347	349
- Increase/(decrease) in other current financial liabilities	210	699
- Increase/(decrease) in other current liabilities	34	1,832
- Increase/(decrease) in other non current financial liabilities	8	362
- Increase/(decrease) in other non current liabilities	-	(48)
Cash generated from operations	**59,138**	**54,733**
- Taxes paid	(14,552)	(16,881)
Net cash generated from operating activities - (A)	**44,586**	**37,852**
B. Cash flow from investing activities :		
Purchase of property, plant and equipment and intangible assets (including movement of intangible assets under development and capital advances).	(2,906)	(3,347)
Proceeds from sale of property, plant and equipment and intangible assets	138	169
Investments in mutual funds (net of proceeds)	(5,554)	(3,923)
Payment made for acquisition of Pragmatix Services Private Limited (Refer Note 44)	-	(5,600)
Interest on Income tax refund	369	-
Interest on bank deposits	112	77
Fixed deposits placed	(33)	3,986
Dividend on investments	777	1,457
Net cash used in investing activities - (B)	**(7,097)**	**(7,181)**

Consolidated Cash Flow Statement

for the year ended December 31, 2019

(Rupees in lakhs)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
C. Cash flow from financing activities :		
Receipts from issuance of share capital on account of exercise of ESOS	2,295	4,995
Proceeds from /(repayment of) short term borrowings	-*	-
Proceeds from /(repayment of) borrowings	(4)	(55)
Dividend and dividend tax paid	(25,162)	(25,138)
Interest expense/finance cost	(23)	(126)
Net cash generated used in financing activities - (C)	**(22,894)**	**(20,324)**
Net increase in cash and cash equivalents (A+B+C)	**14,595**	**10,347**
Add / (less) : adjustment towards acquisition / (divesture) - (D)	-	462
Net increase in cash and cash equivalents (A+B+C+D)	**14,595**	**10,809**
Cash and cash equivalents - Opening balance	19,949	8,869
Add : Exchange difference on translation of foreign currency cash and cash equivalents	(633)	271
Cash and cash equivalents - Closing balance	33,911	19,949
Net Increase in cash and cash equivalents	**14,595**	**10,809**
Components of cash and cash equivalents :-		
Cash on hand and balances with banks on current account	11,636	9,407
Deposits with original maturity of less than three months	22,533	10,900
Bank and book overdraft	(258)	(358)
Total	**33,911**	**19,949**

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

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

This is the Consolidated Cash Flow of Statement referred to in our audit report of even date

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

Khushroo B Panthaky
Partner
Membership No.: 42423

Date: February 11, 2020
Place: Mumbai

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

John L. Berisford
Chairman
[DIN: 07554902]

M. Damodaran
Director
[DIN: 02106990]

Vinita Bali
Director
[DIN: 00032940]

Girish Paranjpe
Director
[DIN: 02172725]

Arundhati Bhattacharya
Director
[DIN: 02011213]

Ewout Steenbergen
Director
[DIN: 07956962]

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

Sanjay Chakravarti
Chief Financial Officer

Minal Bhosale
Company Secretary

Date: February 11, 2020
Place: Mumbai

Statement of Changes in Consolidated Equity

for the year ended December 31, 2019

A. Equity Share Capital

(Rupees in lakhs)

Balance as at January 1, 2019	Changes in equity share capital during the year (Refer Note 19)	Balance as at December 31, 2019
721	2	723

(Rupees in lakhs)

Balance as at January 1, 2018	Changes in equity share capital during the year (Refer Note 19)	Balance as at December 31, 2018
717	4	721

B. Other equity

(Rupees in lakhs)

Particulars	Reserves & Surplus							Items of Other Comprehensive Income (OCI)			Total
	Capital redemption reserve	Securities premium reserve	General reserve	Share-based payment reserve	Foreign currency monetary items translation	Special Economic Zone reinvestment reserve	Retained earnings	Equity instruments through OCI	Currency fluctuation reserve	Hedge reserve	
						(Refer Note 19)					
Balance as at January 1, 2019	**27**	**16,915**	**14,115**	**6,753**	**-**	**450**	**90,481**	**(15,265)**	**(801)**	**229**	**112,904**
Profit for the year	-	-	-	-	-	-	34,395	-	-	-	34,395
Additions during the year	-	2,293	-	-	-	-	-	-	-	-	2,293
Transfer to foreign exchange gain	-	-	-	-	-	-	-	-	-	-	-
Impact of hyperinflation (Refer Note 41)	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	(182)	(9,249)	845	(189)	(8,775)
Share based payment to employees	-	-	-	814	-	-	-	-	-	-	814
Final dividend	-	-	-	-	-	-	(7,938)	-	-	-	(7,938)
Interim dividend	-	-	-	-	-	-	(13,735)	-	-	-	(13,735)
Corporate dividend tax	-	-	-	-	-	-	(3,489)	-	-	-	(3,489)
Transfer to SEZ reinvestment reserve	-	-	-	-	-	(450)	450	-	-	-	-
Exercise of stock option	-	899	-	(899)	-	-	-	-	-	-	-
Balance as at December 31, 2019	**27**	**20,107**	**14,115**	**6,668**	**-**	**-**	**99,982**	**(24,514)**	**44**	**40**	**116,469**

Statement of Changes in Consolidated Equity

for the year ended December 31, 2019

(Rupees in lakhs)

Particulars	Reserves & Surplus							Items of Other Comprehensive Income (OCI)			Total
	Capital redemption reserve	Securities premium reserve	General reserve	Share-based payment reserve	Foreign currency monetary items translation	Special Economic Zone reinvestment reserve	Retained earnings	Equity instruments through OCI	Currency fluctuation reserve	Hedge reserve	
						(Refer Note 19)					
Balance as at January 1, 2018	**27**	**10,078**	**14,115**	**6,722**	**(187)**	**300**	**79,482**	**(6,058)**	**(1,283)**	**944**	**104,140**
Profit for the year	-	-	-	-	-	-	36,310	-	-	-	36,310
Additions during the year	-	4,991	-	-	187	-	-	-	-	-	5,178
Impact of hyperinflation (Refer Note 41)	-	-	-	-	-	-	-	-	207	-	207
Share based payment to employees	-	-	-	1,877	-	-	-	-	-	-	1,877
Other comprehensive income	-	-	-	-	-	-	(23)	(9,207)	275	(715)	(9,670)
Final dividend	-	-	-	-	-	-	(7,173)	-	-	-	(7,173)
Interim dividend	-	-	-	-	-	-	(13,679)	-	-	-	(13,679)
Corporate dividend tax	-	-	-	-	-	-	(4,286)	-	-	-	(4,286)
Transfer to SEZ reinvestment reserve	-	-	-	-	-	150	(150)	-	-	-	-
Exercise of stock option	-	1,846	-	(1,846)	-	-	-	-	-	-	-
Balance as at December 31, 2018	**27**	**16,915**	**14,115**	**6,753**	**-**	**450**	**90,481**	**(15,265)**	**(801)**	**229**	**112,904**

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

This is the Consolidated Statement of Changes in Equity
referred to in our audit report of even date

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

Khushroo B Panthaky
Partner
Membership No.: 42423

Date: February 11, 2020
Place: Mumbai

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

John L. Berisford
Chairman
[DIN: 07554902]

Girish Paranjpe
Director
[DIN: 02172725]

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

Date: February 11, 2020
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M. Damodaran
Director
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Director
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Director
[DIN: 07956962]

Minal Bhosale
Company Secretary

CRISIL
An S&P Global Company

Summary of significant accounting policies and other explanatory information to the consolidated financial statements as at and for the year ended December 31, 2019

1 Corporate information

CRISIL Limited ('the Company' or 'CRISIL' or 'Parent') (CIN: CIN L67120MH1987PLC042363) and its subsidiaries (collectively referred to as 'the Group') is a globally-diversified analytics Company providing ratings, research, risk and policy advisory services. CRISIL is India's leading ratings agency and the foremost provider of high-end research to the world's largest banks and leading corporations. CRISIL delivers analysis, opinions, and solutions that make markets function better

CRISIL Limited is a public limited company, domiciled in India. The registered office of the Company is located at CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai - 400076. The equity shares of the Company are listed on recognised stock exchanges in India-the Bombay Stock Exchange and the National Stock Exchange.

These consolidated financial statements for the year ended December 31, 2019 were approved by the Board of Directors on February 11, 2020.

S&P Global Inc. the ultimate holding company, through its subsidiaries owned 67.40% as on December 31, 2019 of the Company's equity share capital. (Refer Note 19).

2 Summary of significant accounting policies

2.1 Statement of compliance

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

2.2 Basis of consolidation

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

Transactions eliminated on consolidation:

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

Functional and presentation currency:

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

2.3 Basis of preparation

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

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

2.4 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions that affect the reported balances of assets and liabilities (including contingent liabilities) as at the date of the consolidated financial statements and the reported income and expenses for the years presented. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these consolidated financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from

those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

Estimates and assumptions are required in particular for:

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

  Useful lives of PPE and intangible assets are based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support. Assumptions also need to be made, when the Group assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

- **Goodwill impairment**

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

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

- **Revenue recognition**

  Revenue from rendering of services is recognised when the obligation to render services based on agreements/arrangements with the customers are satisfied and when there are no longer any unfulfilled obligations. The performance obligations in our contracts are fulfilled at the time of delivery or upon formal customer acceptance depending on customer terms. Revenue is only recognised to the extent that it is highly probable a significant reversal will not 'occur

  The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

  Revenue for fixed-price contract is recognised using percentage-of-completion method. The Group uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

  Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of licence whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

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

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

- **Valuation of taxes on income**

  Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions. Uncertain tax position is with regards to items of expense or transaction that may be challenged by tax authorities. The Group reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 2.22

Consolidated Financial Statements

- Business combinations and intangible assets

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

- Share-based payments

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

2.5 Cash flow statement

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

2.6 The consolidated financial statements represent consolidation of accounts of the Company, its subsidiaries as detailed below:

Name of the entities	Country of incorporation	Ownership in % either directly or through subsidiaries	
		As at December 31, 2019	As at December 31, 2018
CRISIL Risk and Infrastructure Solutions Limited	India	100%	100%
Pragmatix Services Private Limited (Refer Note 44)	India	100%	100%
CRISIL Ratings Limited (Refer Note 42)	India	100%	NA
CRISIL Irevna UK Limited	United Kingdom	100%	100%
CRISIL Irevna US LLC	United States of America	100%	100%
CRISIL Irevna Argentina S.A.	Argentina	100%	100%
CRISIL Irevna Poland Sp.zo.o.	Poland	100%	100%
Coalition Development Limited	United Kingdom	100%	100%
Coalition Development Singapore Pte Limited	Singapore	100%	100%
CRISIL Irevna Information Technology (Hangzhou) Co., Ltd	China	100%	100%

2.7 Property, Plant and Equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and impairment losses, if any. Amount capitalised under property, plant and equipment includes purchase price, duties and taxes, other incidental expenses incurred during the construction / installation stage. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit and loss.

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

2.8 Intangibles

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises of its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Expenditure on development

eligible for capitalization are carried as intangible assets under development where such assets are not yet ready for their intended use.

2.9 Depreciation/amortisation

Based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given below best represent the period over which management expects to use these assets. Hence in certain class of assets, the useful lives is different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013. Depreciation/amortization is provided on straight line method (SLM) over useful life.

Particulars	Estimated Useful Life
Buildings	20 years
Furniture and fixtures	4 to 16 years
Office equipment	3 to 10 years
Computers	3 years
Vehicles	3 years
Customer relationship	3 to 7 years
Technology	5 years
Database	5 years
Tradename	7 years
Platform	5 years
Software	1 to 3 years

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

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

2.10 Impairment

a) Impairment of non-financial assets

(i) Goodwill

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

(ii) Other non financial assets

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

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

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

b) Impairment of financial assets

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

i) Financial assets that are measured at amortised cost e.g., loans, deposits and bank balance.

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ii) Trade receivables.

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

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

2.11 Business combinations

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

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

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

Goodwill is measured at cost less accumulated impairment loss.

2.12 Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

2.13 Share capital

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

2.14 Fair value of financial instruments

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

2.15 Financial instruments

Initial recognition

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

Subsequent measurement

a) Non-derivative financial instruments

(i) Financial assets carried at amortised cost

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

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

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount

outstanding. Further, in cases where the Group has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

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

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

(iv) Financial liabilities

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

b) Derivative financial instruments

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

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

Hedge accounting

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

Derecognition of financial instruments

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

2.16 Provision, contingent liabilities and contingent assets:

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

Contingent liabilities are disclosed in Note 36. Contingent liabilities are disclosed for:

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

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

Contingent assets are disclosed where an inflow of economic benefits is probable.

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2.17 Cash and cash equivalents

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

2.18 Revenue recognition

Effective January 1, 2019, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Group has adopted Ind AS 115 using the cumulative effect method. The effect of retrospectively applying this standard is recognised at the date of initial application (i.e. January 1, 2019). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the Statement of Profit and Loss is not restated. Refer Note 2.18 – Significant accounting policies – Revenue recognition in the Annual report of the Group for the year ended December 31, 2018, for revenue recognition policy as per Ind AS 18. The impact of the adoption of the standard on the financial statements of the Group is insignificant.

Income from operations

Income from operations comprises income from initial rating and surveillance services, global research and analytical services, coalition business, customised research, special assignments and subscriptions to information products and services, IPO grading services, independent equity research (IER)services, infrastructure advisory and risk management services.

- Revenue from Initial rating fees are deemed to accrue on the date the rating is awarded and a portion of it is deferred basis an estimate that will be attributed to future surveillance recorded equally over 11 months and recognise the deferred revenue rateably over the estimated surveillance periods.
- Surveillance fee, subscription to information products and services, coalition business and revenue from IER are accounted on a time proportion basis and revenue is straight lined over the period of performance.
- Revenue from customised research and IPO grading are recognised in the period in which such assignments are carried out in a time proportion basis.
- Global research and analytics revenue consists of time and material contracts which is recognised on output basis measured by number of hours/days/weeks worked at the rates specified in the agreements.
- Revenue from infrastructure advisory services and risk management services are recognized in accordance with percentage completion method.
- Percentage of completion for infrastructure advisory is determined based on the project cost incurred to date as a percentage of total estimated project cost required to complete the project.
- Revenue from risk management services comprise of revenue from sale of software and annual maintenance contracts. Revenue from sale of software licenses are recognized upon delivery of these licenses which constitute transfer of all risks and rewards. Revenue from consultancy services and sale of software which involves customisation are recognised over execution period. Revenue from annual maintenance contracts are recognised on a time proportion basis.

  Provision for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become certain based on the current estimates. Accrued revenue are classified as Unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms and is accordingly classified under 'other financial assets'. Accrued revenue where the right to consideration is conditional upon factors other than the passage of time are contract assets which are classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones. Unearned and deferred revenue ("contract liability") is recognised when there are billings in excess of revenues.

  The billing schedules agreed with customers include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period. Contracts are subject to modification to account for changes in contract specification and requirements. The Group reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Grant income

Export benefits from government authorities are received in the form of saleable scrips and are recognized at fair value in the statement of profit and loss under 'other income', where all attaching conditions will be complied with and to the extent there is no significant uncertainty as to the ultimate realization on transfer of scrips in the year of the sale. The related costs are recognised under 'other expense'.

Interest income

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

Dividend income

Dividend income is recognised when the Group's right to receive payment is established by the balance sheet date.

Profit /(loss) on sale of current investment

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

2.19 Retirement and other employee benefits

Short term employee benefits

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

Defined contribution plans

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

Defined benefit plans

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

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

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss.

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

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

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

2.20 Employee stock compensation cost

The Group recognizes expense relating to share based payment in net profit using fair value in accordance with Ind AS 102-Share Based Payment.

The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "Share based payment reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

2.21 Foreign currency

Functional currency

The functional currency of the Company and its Indian subsidiaries is the Indian Rupee (INR), whereas the functional currency of the foreign subsidiaries is

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the currency of their countries of domicile. These consolidated financial statements are presented in Indian Rupees (rounded off to the nearest lakhs except otherwise indicated).

The financial statements of subsidiary companies whose functional currency is the currency of a hyperinflationary economy are adjusted for the effects of changes in general price index (to reflect the change in purchasing power of the local currency) and expressed in terms of the current unit of measurement at the closing date of the reporting period, in accordance with Ind AS 29 "Financial Reporting in Hyperinflationary Economies".

Subsidiaries with the currency of hyperinflationary economy as their functional currency are restated as per Ind AS 29 before consolidation in accordance with Ind AS 110 'Consolidated Financial Statements'. Once restated, all items of the financial statements of such a subsidiary is converted to INR the closing exchange rate. To determine the existence of hyperinflation, the Group assesses the qualitative characteristics of the economic environment of the country such as the trend of inflation rate over the past three years.

Foreign currency transactions

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

Foreign currency translation

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

Exchange difference

In case of long term monetary items the exchange difference is amortised up to the date of settlement of such monetary items and charged to the statement of profit and loss. The unamortized exchange difference is carried to Foreign Currency Monetary Item Translation Difference Account (FCMITDA) under reserves and surplus. Exchange gains and losses arising on settlement of foreign currency denominated long term monetary assets and liabilities are recognized in the statement of profit and loss.

2.22 Taxes on income

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

Current tax

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

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

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

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

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

Deferred tax

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

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

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

consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

Deferred tax assets and liabilities are offset only if:

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

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

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

2.23 Segment reporting policies

The Managing Director and Chief Executive Officer of the Group has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108 Operating Segments. The CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by industry classes. Accordingly, segment information has been presented for industry classes.

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

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

Inter segment transfers:

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

Allocation of common costs:

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

Unallocated items:

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

2.24 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events such as buy back, Employee Stock Option Scheme (ESOS), etc. that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

2.25 Dividend

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

2.26 Assets held for sale

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

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2.27 Recent accounting pronouncements

Ind AS 116 – Leases

On March 30, 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 'Leases' and related amendments to other Ind AS. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. The Group is in the process of analysing impact and finalising changes to systems and processes to meet the accounting and the reporting requirements of the standard in conjunction with review of lease agreements. The Group will recognise with effect from January 1, 2020 new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to (a) amortisation charge for the right-to-use asset, and (b) interest accrued on lease liability.

Ind AS 12 – Income taxes

The amendment relating to income tax consequences of dividend clarify that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit / (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its financial statements

Ind AS 19 – Plan Amendment, Curtailment or Settlement
The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect this amendment to have any significant impact on its financial statements.

3. Property, plant and equipment

For the year ended December 31, 2019

(Rupees in lakhs)

Particulars	Carrying value						Accumulated depreciation						Net Block
	As at January 1, 2019	Additions	Deductions	Currency translation reserve	Adjustments	As at December 31, 2019	Up to January 1, 2019	For the year	Deductions	Currency translation reserve	Adjustments	Up to December 31, 2019	As at December 31, 2019
Buildings	10	-	-	-	-	10	10	-	-	-	-	10	-
Furniture and fixtures	1,054	41	33	(45)	-	1,017	594	176	27	(44)	-	699	318
Office equipments	1,794	171	95	(57)	-	1,813	1,046	295	72	(62)	-	1,207	606
Computers	5,834	1,508	389	(340)	-	6,613	4,217	1,295	375	(338)	-	4,799	1,814
Vehicles	947	128	221	(42)	-	812	524	214	166	(44)	-	528	284
Leasehold improvements	3,488	39	43	(4)	-	3,480	2,632	393	30	(5)	-	2,990	490
Total	**13,127**	**1,887**	**781**	**(488)**	**-**	**13,745**	**9,023**	**2,373**	**670**	**(493)**	**-**	**10,233**	**3,512**

For the year ended December 31, 2018

(Rupees in lakhs)

Particulars	Carrying value						Accumulated depreciation						Net Block
	As at January 1, 2018	Additions	Deductions	Currency translation reserve	Adjustments (Refer Note 44)	As at December 31, 2018	Up to January 1, 2018	For the year	Deductions	Currency translation reserve	Adjustments (Refer Note 44)	Up to December 31, 2018	As at December 31, 2018
Buildings	10	-	-	-	-	10	10	-	-	-	-	10	-
Furniture and fixtures	992	76	26	8	4	1,054	384	210	20	19	1	594	460
Office equipments	1,698	144	80	26	6	1,794	738	346	65	25	2	1,046	748
Computers	4,921	1,016	108	(67)	72	5,834	2,824	1,413	77	20	37	4,217	1,617
Vehicles	612	346	205	60	134	947	327	197	174	77	97	524	423
Leasehold improvements	3,261	396	1	(168)	-	3,488	1,776	891	1	(34)	-	2,632	856
Total	**11,494**	**1,978**	**420**	**(141)**	**216**	**13,127**	**6,059**	**3,057**	**337**	**107**	**137**	**9,023**	**4,104**

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4 Goodwill

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Carrying value at the beginning of the year	27,725	23,203
On acquisition of Pragmatix Services Private Limited (Refer Note 44)	-	3,621
Foreign currency exchange gain/(loss)	1,136	901
Carrying value at the end of the year	**28,861**	**27,725**
Goodwill has been allocated as follows:		
Research	25,240	24,104
Advisory	3,621	3,621
Total	**28,861**	**27,725**

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

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

Particulars	As at December 31, 2019		As at December 31, 2018	
	Growth rate	Discount rate	Growth rate	Discount rate
Research business	6%	13.50%	7%	15%
Advisory business	8%	13.50%	16%	15%

The above discount rate is based on the weighted average cost of capital of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

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

As at December 31, 2019, the estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not triggered.

5. Intangible assets

For the year ended December 31, 2019

(Rupees in lakhs)

Particulars	Carrying value						Accumulated depreciation						Net Block
	As at January 1, 2019	Additions	Deductions	Currency translation reserve	Adjustments	As at December 31, 2019	Up to January 1, 2019	For the year	Deductions	Currency translation reserve	Adjustments	Up to December 31, 2019	As at December 31, 2019
Technology	1,543	-	-	239	-	1,782	1,543	-	-	239	-	1,782	-
Database	726	-	-	112	-	838	726	-	-	112	-	838	-
Customer relationship	1,691	-	-	175	-	1,866	1,216	183	-	174	-	1,573	293
Tradename	381	-	-	37	-	418	319	63	-	36	-	418	-
Platform	985	-	-	-	-	985	184	197	-	-	-	381	604
Software	3,539	662	-	-	-	4,201	1,713	870	-	-	-	2,583	1,618
Total	**8,865**	**662**	**-**	**563**	**-**	**10,090**	**5,701**	**1,313**	**-**	**561**	**-**	**7,575**	**2,515**

For the year ended December 31, 2018

(Rupees in lakhs)

Particulars	Carrying value						Accumulated depreciation						Net Block
	As at January 1, 2018	Additions	Deductions	Currency translation reserve	Adjustments (Refer Note 44)	As at December 31, 2018	Up to January 1, 2018	For the year	Deductions	Currency translation reserve	Adjustments (Refer Note 44)	Up to December 31, 2018	As at December 31, 2018
Technology	1,486	-	-	57	-	1,543	1,486	-	-	57	-	1,543	-
Database	699	-	-	27	-	726	699	-	-	27	-	726	-
Customer relationship	1,168	478	-	45	-	1,691	943	240	-	33	-	1,216	475
Tradename	367	-	-	14	-	381	204	109	-	6	-	319	62
Platform	-	985	-	-	-	985	-	184	-	-	-	184	801
Software	898	1,903	-	288	450	3,539	578	692	-	193	250	1,713	1,826
Total	**4,618**	**3,366**	**-**	**431**	**450**	**8,865**	**3,910**	**1,225**	**-**	**316**	**250**	**5,701**	**3,164**

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6. Investments

A. Non-current investments	As at December 31, 2019		As at December 31, 2018	
	No. of shares	Rupees in lakhs	No. of shares	Rupees in lakhs
Unquoted equity investments carried at fair value through OCI (Refer Note 6.2)				
Equity Shares of National Commodity and Derivative Exchange Limited of Rupees 10 each, fully paid up	1,875,000	3,204	1,875,000	3,359
Equity Shares of Caribbean Information and Credit Rating Agency of US $ 1 each, fully paid up	300,000	120	300,000	124
Sub - total (a)		**3,324**		**3,483**
Quoted equity investments carried at fair value through OCI (Refer Note 6.2)				
Equity Share of ICRA Limited of Rupees 10 each, fully paid up (Refer Note 6.1)	1	-	1	-
Equity Share of CARE Ratings Limited of Rupees 10 each, fully paid up	2,622,431	16,756	2,622,431	25,876
Sub - total (b)		**16,756**		**25,876**
Total non-current investments - (a + b)		**20,080**		**29,359**

B. Current investments	As at December 31, 2019		As at December 31, 2018	
	No. of units	Rupees in lakhs	No. of units	Rupees in lakhs
Investments in mutual funds				
(Unquoted investments carried at fair value through profit and loss) (Refer Note 34)				
Canara Robeco Liquid Fund - Direct Growth	-	-	216,073	4,794
DSP Liquidity Fund - Direct Plan - Growth	-	-	144,103	3,784
Franklin India Liquid Fund - Super Institutional Plan - Direct - Growth	-	-	168,409	4,627
L&T Liquid Fund Direct Plan - Growth	-	-	192,330	4,841
HDFC Charity Fund for Cancer Cure - Debt Plan - Direct - 100% Dividend Donation	2,500,000	255	2,500,000	257
Invesco India Short Term Fund - Direct Plan Growth	157,336	4,313	-	-
Axis Treasury Advantage Fund - Direct Growth	87,495	2,000	-	-
LIC MF Banking and PSU Debt Fund - Direct Plan - Growth	17,417,522	4,606	-	-
IDFC Bond Fund - Short Term Plan - Growth - (Direct Plan)	6,754,142	2,862	-	-
L&T Short Term Bond Fund - Direct Plan - Growth	14,588,155	2,863	-	-
L&T Money Market Fund - Direct Plan -Growth	19,892,581	4,001	-	-
DSP Short Term Fund - Direct Plan - Growth	5,104,208	1,797	-	-
DSP Corporate Bond Fund - Direct - Growth	4,325,447	501	-	-
Sundaram Corporate Bond Fund Direct Growth	7,064,600	2,027	-	-
Total investments in mutual funds (c)		**25,225**		**18,303**
Total investments (a + b + c)		**45,305**		**47,662**

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

6.1 '-' in amounts' columns denote amount less than Rupees 50,000

6.2 The total dividend recognised pertaining to FVTOCI instruments for the year ended on December 31, 2019 was Rupees 761 lakhs and for the year ended December 31, 2018 was Rupees 1,448 lakhs. Dividend from equity investments designated at FVTOCI relates to investments held at the end of the reporting period. The Group recognises dividend in statement of profit and loss under the head "other income". For all the equity instruments that are classified by the Group as FVTOCI, fair value changes on the instrument, excluding dividends, are recognised in the OCI.

7. Loans (Non-current)

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Unsecured, considered good, unless otherwise stated		
- Security and other deposits	3,421	3,674
Total	**3,421**	**3,674**

8. Other financial assets (Non-current)

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Unsecured, considered good, unless otherwise stated		
Interest accrued on fixed deposits	2	2
- Deposits with more than 12 months maturity	85	40
[Deposit includes fixed deposits with banks Rupees 73 lakhs (Previous year: 2018 Rupees 36 lakhs) marked as lien for guarantees issued by banks on behalf of the Group (Refer Note 36)]		
Total	**87**	**42**

9. Income tax

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Current tax	13,115	15,707
Deferred tax	1,649	(2,058)
Total income tax expense recognised in the statement of profit and loss	**14,764**	**13,649**

The tax year for the companies incorporated in India being the year ended March 31, 2020, the tax expense for the year is the aggregate of the provision made for the three month period ended March 31, 2019 and the provision for the nine month period ended December 31, 2019. The tax provision for the nine month period has been arrived at using effective tax rate for the period April 1, 2019 to March 31, 2020.

The Company and its one Indian subsidiary, elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961, as introduced by Taxation Law Amendment Act 2019. Accordingly, the Company and its one Indian subsidiary, has recognized the provision for income tax for the year ended December 31, 2019 basis the new tax rate of 25.17%, as applicable for Financial year 2019-20 for the entities in India including re-measurement of deferred tax asset. The impact of this change is recognised in the statement of profit and loss.

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

(Rupees in lakhs)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Profit before income tax	49,159	49,959
Enacted income tax rate in India for fiscal year ended March 31, 2020 and March 31, 2019. (%)	27.61%	34.94%
Computed expected tax expense	13,575	17,458
Effect of:		
Income exempt from tax	(259)	(1,449)
Expenses that are not deductible in determining taxable profit	357	344
Income subject to different tax rates	150	(800)
Tax expense of prior years	20	(1,637)

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9. Income tax (Contd..)

(Rupees in lakhs)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Impact due to change in rate	1,264	(44)
Others	(343)	(223)
Total income tax expense recognised in the statement of profit and loss	**14,764**	**13,649**

Deferred tax

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

As at December 31, 2019

(Rupees in lakhs)

Particulars	Opening balance	Recognised in profit and loss	Recognised in OCI	Acquisitions/ disposal	Exchange difference	Closing balance
Deferred tax liability on:						
Gains from investments	674	-	(30)	-	-	644
Gains from mutual funds	50	41	0	-	-	91
Gains / losses on forward contract	115	-	(102)	-	-	13
Business combination	407	-	-	-	-	407
Property, plant and equipment and intangibles	370	49	-	-	(12)	407
Brought forward losses	-	10	-	-	(1)	9
Lease rent amortization	28	3	-	-	-*	31
Gross deferred tax liability	**1,644**	**103**	**(132)**	**-**	**(13)**	**1,602**
Deferred tax asset on:						
Provision for compensated absences	1,992	(591)	-	-	-	1,401
Provision for bonus and commission	1,028	(494)	-	-	(1)	534
Provision for gratuity	711	(173)	69	-	-	607
Provision for doubtful debts	1,214	(640)	-	-	1	575
Initial rating fees and other deferred revenue	597	(67)	-	-	-	530
Property, plant and equipment and intangibles	1,212	(68)	-	-	1	1,145
Unabsorbed depreciation	-	67	-	-	-	67
40A(ia) of the Income Tax Act, 1961 and other items	508	345	-	-	16	869
Gross deferred tax asset	**7,262**	**(1,622)**	**69**	**-**	**18**	**5,727**
MAT credit entitlement	**58**	**76**	**-**	**-**	**-**	**134**
Net deferred tax asset	**5,676**	**(1,649)**	**201**	**-**	**31**	**4,259**

As at December 31, 2018

(Rupees in lakhs)

Particulars	Opening balance	Recognised in profit and loss	Recognised in OCI	Acquisitions/ disposal	Exchange difference	Closing balance
Deferred tax liability on:						
Gains from investments	718	-	(44)	-	-	674
Gains from mutual funds	2	48	-	-	-	50
Gains / losses on forward contract	500	-	(385)	-	-	115
Business combination	-	-	-	407	-	407
Property, plant and equipment and intangibles	340	30	-	-	-	370
Lease rent amortization	14	15	-	-	(1)	28
Gross deferred tax liability	**1,574**	**93**	**(429)**	**407**	**(1)**	**1,644**

9. Income tax (Contd..)

As at December 31, 2018

(Rupees in lakhs)

Particulars	Opening balance	Recognised in profit and loss	Recognised in OCI	Acquisitions/ disposal	Exchange difference	Closing balance
Deferred tax asset on:						
Provision for compensated absences	1,608	383	-	-	1	1,992
Provision for bonus and commission	913	119	-	-	(4)	1,028
Provision for gratuity	400	276	22	13	-	711
Provision for doubtful debts	654	560	-	-	-	1,214
Initial rating fees and other deferred revenue	542	55	-	-	-	597
Property, plant and equipment and intangibles	550	598	-	63	1	1,212
40A(ia) of the Income Tax Act, 1961 and other items	382	102	-	13	11	508
Gross deferred tax asset	**5,049**	**2,093**	**22**	**89**	**9**	**7,262**
MAT credit entitlement	-	58	-	-	-	58
Net deferred tax asset	**3,475**	**2,058**	**451**	**(318)**	**10**	**5,676**

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

Deferred tax liability on undistributed earnings of Rupees 8,025 lakhs (Previous year: 6,520 lakhs) of certain subsidiaries has not been recognised, as it is the intention of the Group to reinvest the earnings of these subsidiaries for the foreseeable future.

10. Tax assets (Non-current)

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Advance income-tax (net of provision for taxation) [Provision of tax Rupees 120,740 lakhs (Previous year : Rupees 110,435 lakhs)]	7,396	5,605
Total	**7,396**	**5,605**

11. Other non-current assets

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Prepaid rent	573	139
Capital advance	55	168
Prepaid expenses	438	483
Total	**1,066**	**790**

12. Trade receivable (Current)

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Trade receivables considered good- Secured	-	-
Trade receivables considered good- Unsecured (Refer Note 38)	19,937	28,483
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	2,375	3,987
Less: Allowance for impairment loss	(2,375)	(3,987)
Total	**19,937**	**28,483**

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13. Cash and cash equivalents (Current)

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Cash on hand	5	2
Balances with banks :		
On current accounts	11,631	9,405
Deposits with maturity of less than three months	22,533	10,900
[Deposit includes fixed deposits with banks Rupees 12 lakhs (Previous year: Rupees 74 lakhs) marked as lien for guarantees issued by banks on behalf of the Group. (Refer Note 36)]		
Total	**34,169**	**20,307**

14. Other bank balances (Current)

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
On unpaid dividend accounts	75	77
Deposit with original maturity for more than 3 months but less than 12 months	314	326
[Deposit includes fixed deposits with banks Rupees 239 lakhs (Previous year: Rupees 292 lakhs) marked as lien for guarantees issued by banks on behalf of the Group. (Refer Note 36)]		
Total	**389**	**403**

15. Loans (Current)

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Unsecured, considered good, unless otherwise stated		
Loans to employees	370	323
Security and other deposits		
- Considered good	352	522
- Considered doubtful	68	78
Less: Allowance for impairment loss	(68)	(78)
Total	**722**	**845**
Sub-classification of loans:		
Loan receivables considered good- Secured	-	-
Loan receivables considered good- Unsecured	722	845
Loan receivables which have significant increase in credit risk	-	-
Loan receivables - credit impaired	68	78
Less: Allowance for impairment loss	(68)	(78)
Total	**722**	**845**

16. Other financial assets (Current)

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Unsecured, considered good, unless otherwise stated		
Unbilled receivables (Refer Note 16.1)	7,682	8,963
Interest accrued on deposits	19	22
Fair value of foreign currency forward contract (Refer Note 34.2)	53	344
Others	147	78
Total	**7,901**	**9,407**

16.1 The balance lying in unbilled receivables as at December 31, 2018 is fully billed during the current year.

17. Other current assets

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Prepaid rent	269	82
Prepaid expense	1,669	1,623
Balances with government authorities	2,336	1,734
Advances to suppliers and employees	1,165	988
Accrued revenue (Refer Note 17.1)	2,396	-
Total	**7,835**	**4,427**

17.1 The balance lying in accrued revenue as at December 31, 2018 is fully billed during the current year except for Rupees 11 lakhs.

18. Assets held for sale

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Building (Refer Note 18.1)	318	318
Total	**318**	**318**

18.1 The Group has classified a building premise as asset held for sale at its carrying value of Rupees 318 lakhs (Previous year: Rupees 318 lakhs). The Group has actively marketed the premise. The premise has been classified as unallocable as the Group believes that it is currently not practicable to allocate the premise to any segment.

19. Share capital

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Authorised capital:		
100,000,000 Equity shares of Rupee 1 each (Previous year: 100,000,000 equity shares of Rupee 1 each)	1,000	1,000
Issued, subscribed and paid up:		
72,304,326 equity shares of Rupee 1 each fully paid up (Previous year: 72,115,782 equity shares of Rupee 1 each)	723	721
Total	**723**	**721**

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19. Share capital

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

Equity shares

Particulars	As at December 31, 2019	
	Rupees in lakhs	Nos.
At the beginning of the year (face value of Rupee 1 per share)	721	72,115,782
Add : Issued during the year-Under employee stock option scheme (ESOS) (Refer Note 45)	2	188,544
Outstanding at the end of the year	**723**	**72,304,326**

Particulars	As at December 31, 2018	
	Rupees in lakhs	Nos.
At the beginning of the year (face value of Rupee 1 per share)	717	71,704,928
Add : Issued during the year-Under employee stock option scheme (ESOS) (Refer Note 45)	4	410,854
Outstanding at the end of the year	**721**	**72,115,782**

(b) Terms/rights attached to equity shares

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

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

(c) Shares held by holding/ultimate holding and/ or their subsidiaries

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

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Group holding of the S&P Global Inc.		
31,209,480 equity shares of Rupee 1 each fully paid held by S&P India, LLC, fellow subsidiary (Previous year: 31,209,480 equity shares of Rupee 1 each)	312	312
11,523,106 equity shares of Rupee 1 each fully paid held by S&P Global Asian Holdings Pte. Limited, fellow subsidiary (Previous year: 11,523,106 equity shares of Rupee 1 each)	115	115
6,000,000 equity shares of Rupee 1 are held by Standard & Poor's International LLC, fellow subsidiary (Previous year: 6,000,000 equity shares of Rupee 1 each)	60	60
Total	**487**	**487**

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

Particulars	As at December 31, 2019	As at December 31, 2018
Equity shares bought back by the company		
Aggregate number of equity shares bought back by the Company (In last five years)	511,932	511,932
Aggregate number of bonus shares and shares issued for consideration other than cash by the Company	Nil	Nil

19. Share capital

(e) Details of shareholders holding more than 5% shares in the Company.

Name of the shareholder	As at December 31, 2019	
	% holding in the class	Nos.
Equity shares of Rupee 1 each fully paid		
1. Group holding of the S&P Global Inc.		
a) S&P India, LLC	43.16%	31,209,480
b) S&P Global Asian Holdings Pte. Limited	15.94%	11,523,106
c) Standard & Poor's International LLC	8.30%	6,000,000
2. Life Insurance Corporation of India	6.64%	4,797,793
3. Jhunjhunwala Rakesh and Rekha	5.48%	3,965,000

Name of the shareholder	As at December 31, 2018	
	% holding in the class	Nos.
Equity shares of Rupee 1 each fully paid		
1. Group holding of the S&P Global Inc.		
a) S&P India, LLC	43.28%	31,209,480
b) S&P Global Asian Holdings Pte. Limited	15.98%	11,523,106
c) Standard & Poor's International LLC	8.32%	6,000,000
2. Life Insurance Corporation of India	6.62%	4,771,286
3. Jhunjhunwala Rakesh and Rekha	5.50%	3,965,000

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

(f) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option scheme (ESOS) of the Company (Refer Note 45).

(g) Capital management

The Group is predominantly equity financed and continues to maintain adequate amount of liquidity to meet strategic and growth objectives. The Group manages its capital to ensure that it will be able to continue as going concerns while maximising the return to its stakeholders. The Group has ensured a balance between earning adequate returns on treasury asset and need to cover financial and business risk. The Group actively monitors its portfolio and has a policy in place for investing surplus funds. Appropriate limits and controls are in place to ensure that investments are made as per policy. The Group has an overdraft and other loan facilities sanctioned from banks to support any temporary funding requirements, as and when required.

19.1 Explanation of reserves:

a) **General reserve**

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

b) **Securities premium reserve**

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

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19.1 Explanation of reserves: (Contd..)

c) **Share based payment reserve**

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

d) **Other comprehensive income (OCI)**

Other comprehensive income includes fair value changes in equity instruments, hedge reserve and currency fluctuation reserve through OCI.

e) **Hedge reserve**

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

f) **Currency fluctuation reserve**

Exchange difference relating to the translation of the results and net assets of the Group's foreign operations from their respective functional currencies to the Group's functional currency is recognised directly in other comprehensive income and accumulated in the currency fluctuation reserve.

g) **Foreign currency monetary items translation**

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

h) **Retained earnings**

Retained earnings represent the cumulative profits of the Group and the effects of measurements of defined benefit obligation.

i) **Capital redemption reserve**

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

j) **Special economic zone (SEZ) reinvestment reserve**

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

20. Borrowings (Non-current)

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Secured long term loan from Non-banking finance companies (NBFC)*		
9.63% Kotak Mahindra Prime Limited	9	13
Less: Current maturities of long term borrowing	(5)	(5)
Total	**4**	**8**

*Nature of security for long term borrowing: Vehicle loans are secured by hypothecation of vehicles purchased against the loan

20. Borrowings (Non-current) (Contd..)

(Rupees in lakhs)

Terms of repayment of long term borrowings	As at December 31, 2019	As at December 31, 2018
Name of the NBFC: Kotak Mahindra Prime Limited		
No. of vehicles for which loan has been availed	1	1
Equated monthly installment (EMI) (Rupees in lakhs)	0.45	0.45
No. of EMIs outstanding	21	33

21. Other financial liabilities (Non-current)

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Employee related payables	734	653
Sundry deposits	48	121
Total	**782**	**774**

22. Provisions (Non-current)

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Provision for gratuity (Refer Note 40)	1,514	1,376
Total	**1,514**	**1,376**

23. Short term borrowings (Current)

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Bank overdraft (Refer Note 23.1)	258	246
Total	**258**	**246**

23.1 The Group has availed overdraft facility from a bank which is unsecured and is repayble on demand . Interest is payable at I - MCLR 6M + 0% spread per annum (as at December 31, 2019 rate 8.20%) on the principal amount of loan outstanding each day.

24. Trade payables (Current)

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Total outstanding dues of micro enterprises and small enterprises (as per intimations received from suppliers)	3	26
Total outstanding dues of creditors other than micro enterprises and small enterprises	7,543	6,451
Total	**7,546**	**6,477**

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24.1 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 is provided as under

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
- Principal amount remaining unpaid, but not due	3	26
- Interest due thereon as at year end	-	-
- Interest paid by the Group in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
- Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	-	-
- Interest accrued and remaining unpaid as at year end	-	-
- Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	-	-

The above information has been determined to the extent such parties could be identified on the basis of the information available with the Group regarding the status its suppliers.

25. Other financial liabilities (Current)

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Employee related payables	15,662	15,421
Current maturities of long term borrowings	5	5
Book overdraft	-	112
Sundry deposits	75	69
Unpaid dividend (Investor Education and Protection Fund will be credited as and when due)	75	77
Others	218	255
Total	**16,035**	**15,939**

26. Provisions (Current)

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Provision for compensated absences (Refer Note 40)	5,822	5,642
Provision for gratuity (Refer Note 40)	791	693
Total	**6,613**	**6,335**

27. Tax liabilities (Current)

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Provision for tax (net of advance tax) [Advance Tax Rupees 6,625 lakhs (Previous year : Rupees 4,369 lakhs)]	1,530	1,176
Total	**1,530**	**1,176**

28. Other current liabilities

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Statutory liabilities	4,559	4,744
Advance received from customers (Refer Note 28.1)	382	375
Unearned revenue (Refer Note 28.1)	12,458	12,301
Total	**17,399**	**17,420**

28.1 The balance lying in 'Unearned revenue' and 'Advance received from customer' as at December 31, 2018 is fully recognised as revenue during the current year.

29. Revenue from operations

(Rupees in lakhs)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Ratings services	54,481	50,730
Research services	104,440	110,601
Advisory services	14,251	13,518
Total	**173,172**	**174,849**

29.1 The Group disaggregates revenue from contracts with customers by nature of services. (Refer Note 37)

29.2 The Group has applied practical expedient and has not disclosed information about remaining performance obligations in contracts where the original contract duration is one year or less or where the entity has right to consideration that corresponds directly with the value of entity's performance completed to date.

30. Other income

(Rupees in lakhs)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Interest on:		
- Bank deposits	109	86
- Income tax refund	369	-
- Financial assets carried at amortized cost	230	275
Inflation adjustment results (Refer Note 41)	869	-
Profit on sale of fixed assets	27	86
Dividend on investments	777	1,457
Foreign exchange gain (net)	-	2,126
Profit on sale of current investments	981	340
Profit on fair valuation of current investments	387	145
Grant income	2,103	2,519
Excess provision written back	349	-
Miscellaneous income	1,083	307
Total	**7,284**	**7,341**

31. Employee benefits expenses

(Rupees in lakhs)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Salaries, wages and bonus	78,750	78,467
Share based payment to employees	814	1,877
Contribution to provident and other funds	4,452	4,702
Contribution to gratuity fund (Refer Note 40)	771	706
Staff training and welfare expenses	2,969	2,984
Total	**87,756**	**88,736**

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32. Finance cost

(Rupees in lakhs)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Inflation adjustment results (Refer Note 41)	-	97
Interest on term loan	1	6
Interest expense on bank overdraft	22	120
Total	**23**	**223**

33. Other expenses

(Rupees in lakhs)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Repairs and maintenance - Buildings	2,104	1,921
Repairs and maintenance - others	1,037	1,353
Electricity	1,076	1,170
Communication expenses	1,051	975
Insurance	69	83
Rent (Refer Note 39)	7,155	6,416
Rates and taxes	488	108
Printing and stationery	233	361
Conveyance and travelling	5,168	5,154
Books and periodicals	1,084	1,109
Remuneration to non-whole time directors (Refer Note 38)	157	146
Business promotion and advertisement	197	195
Foreign exchange loss	121	-
Professional fees	8,329	8,112
Associate service fees	7,264	4,853
Software purchase and maintenance expenses	1,007	716
Provision for doubtful debts / bad debts	-	3,754
Provision for doubtful deposits	-	10
Corporate social responsibility (CSR) expenses (Refer Note 48)	768	736
Auditors' remuneration	139	137
Recruitment expenses	757	408
Sales commission	785	85
Miscellaneous expenses	843	1,188
Total	**39,832**	**38,990**

34 Financial instruments

The carrying value and fair value of financial instruments by categories as at December 31, 2019 are as follows:

(Rupees in lakhs)

Particulars	Amortised cost	Financial assets/ liabilities at FVTPL		Financial assets/liabilities at FVTOCI		Derivative instruments in hedging relationship	Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory			
Assets								
Investments								
Quoted equity investments	-	-	-	16,756	-	-	16,756	16,756
Unquoted equity investments	-	-	-	3,324	-	-	3,324	3,324
Mutual funds	-	-	25,225	-	-	-	25,225	25,225
Cash and cash equivalents	34,169	-	-	-	-	-	34,169	34,169

34 Financial instruments(Contd..)

The carrying value and fair value of financial instruments by categories as at December 31, 2019 are as follows:

(Rupees in lakhs)

Particulars	Amortised cost	Financial assets/ liabilities at FVTPL		Financial assets/liabilities at FVTOCI		Derivative instruments in hedging relationship	Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory			
Other bank balances	389	-	-	-	-	-	389	389
Trade receivables	19,937	-	-	-	-	-	19,937	19,937
Loans	4,143	-	-	-	-	-	4,143	4,143
Other financial assets	7,935	-	-	-	-	53	7,988	7,988
Total	**66,573**	**-**	**25,225**	**20,080**	**-**	**53**	**111,931**	**111,931**
Liabilities								
Borrowings	262	-	-	-	-	-	262	262
Trade payables	7,546	-	-	-	-	-	7,546	7,546
Other financial liabilities	16,817	-	-	-	-	-	16,817	16,817
Total	**24,625**	**-**	**-**	**-**	**-**	**-**	**24,625**	**24,625**

The carrying value and fair value of financial instruments by categories as at December 31, 2018 are as follows:

(Rupees in lakhs)

Particulars	Amortised cost	Financial assets/ liabilities at FVTPL		Financial assets/liabilities at FVTOCI		Derivative instruments in hedging relationship	Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory			
Assets								
Investments								
Quoted equity investments	-	-	-	25,876	-	-	25,876	25,876
Unquoted equity investments	-	-	-	3,483	-	-	3,483	3,483
Mutual funds	-	-	18,303	-	-	-	18,303	18,303
Cash and cash equivalents	20,307	-	-	-	-	-	20,307	20,307
Other bank balances	403	-	-	-	-	-	403	403
Trade receivables	28,483	-	-	-	-	-	28,483	28,483
Loans	4,519	-	-	-	-	-	4,519	4,519
Other financial assets	9,105	-	-	-	-	344	9,449	9,449
Total	**62,817**	**-**	**18,303**	**29,359**	**-**	**344**	**110,823**	**110,823**
Liabilities								
Borrowings	254	-	-	-	-	-	254	254
Trade payables	6,477	-	-	-	-	-	6,477	6,477
Other financial liabilities	16,713	-	-	-	-	-	16,713	16,713
Total	**23,444**	**-**	**-**	**-**	**-**	**-**	**23,444**	**23,444**

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34.1 Fair value hierarchy

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

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

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

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value as at December 31, 2019 and December 31, 2018.

(Rupees in lakhs)

Particulars	As at December 31, 2019			As at December 31, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value:						
A. Investments at FVTPL						
1. Mutual Funds	25,225	-	-	18,303	-	-
B. Investments at FVTOCI						
1. Quoted equity shares	16,756	-	-	25,876	-	-
2. Unquoted equity shares	-	-	3,324	-	-	3,483
C. Forward contracts receivable	-	53	-	-	344	-

34.2 Derivative financial instruments and hedging activity

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

As at December 31, 2019

Type of Hedge	Currency	Number of contracts	Nominal value (Foreign currency in '000)	Carrying amount of hedging instrument (Rupees in lakhs)	Maturity date	Weighted average strike price/ rate	Changes in fair value of hedging instrument (Rupees in lakhs)	Change in the hedging item used as the basis for recognising hedge effectiveness (Rupees in lakhs)
Cash flow hedge								
i) Foreign exchange forward contracts	USD	48	52,744	38,667	Jan - Dec-20	73	159	(159)
	GBP	11	5,969	5,650	Jan - Dec-20	95	(163)	163
	EUR	12	3,459	2,918	Jan - Dec-20	84	57	(57)

34.2 Derivative financial instruments and hedging activity (Contd..)

As at December 31, 2018

Type of Hedge	Currency	Number of contracts	Nominal value (Foreign currency in '000)	Carrying amount of hedging instrument (Rupees in lakhs)	Maturity date	Weighted average strike price/ rate	Changes in fair value of hedging instrument (Rupees in lakhs)	Change in the hedging item used as the basis for recognising hedge effectiveness (Rupees in lakhs)
Cash flow hedge								
i) Foreign exchange forward contracts	USD	31	58,441	41,602	Jan - Dec-19	71	(32)	32
	GBP	11	4,512	4,374	Jan - Dec-19	97	248	(248)
	EUR	12	3,370	2,932	Jan - Dec-19	87	128	(128)

Movement in cash flow hedging reserve

(Rupees in lakhs)

Particulars	Foreign exchange forward contract
As at January 1, 2018	**944**
Add: Changes in fair value of effective portion of outstanding forecasted cash flow hedge	(1,626)
Less: Amounts reclassified to statement of profit or loss	526
Less: Tax relating to above (net)	385
As at January 1, 2019	**229**
Add: Changes in fair value of effective portion of outstanding forecasted cash flow hedge	844
Less: Amounts reclassified to statement of profit or loss	(1,133)
Less: Tax relating to above (net)	101
As at December 31, 2019	**40**

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

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

Details of unhedged foreign exposure

Particulars	As at December 31, 2019 (Foreign Currency in '000)		As at December 31, 2019 (Rupees in lakhs)	
Currency	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Monetary				
USD	7,391	249	6,296	183
EUR	492	2	393	1
Others	5,048	662	639	165

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34.2 Derivative financial instruments and hedging activity (Contd..)

Particulars	As at December 31, 2018 (Foreign Currency in '000)		As at December 31, 2018 (Rupees in lakhs)	
Currency	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Monetary				
USD	15,002	255	10,555	179
GBP	3	-	2	-
EUR	1,668	9	1,341	7
Others	41,953	861	335	90

35 Financial risk management

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 34. The main types of risks are market risk (foreign currency exchange rate risk and price risk), business and credit risks and liquidity risk. The Group has in place a robust risk management policy with overall governance and oversight from the Audit Committee and Board of Directors. Risk Assessment is conducted periodically and the Group has a mechanism to identify, assess, mitigate and monitor various risks to key business objectives.

The policies for managing specific risk are summarized below:

35.1 Market risk

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

Foreign currency exchange rate risk

Our exposure to market risk includes changes in foreign exchange rates. Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in US dollars (USD), EURO, and Pounds Sterling (GBP). As of December 31, 2019 and December 31, 2018, the Group has entered into foreign exchange forward contracts to hedge the effect of adverse fluctuations in foreign currency exchange rates. The details in respect of the outstanding foreign exchange forward contracts are given under Note 34.2.

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

Particulars	As at December 31, 2019 (Foreign Currency in '000)		As at December 31, 2019 (Rupees in lakhs)	
	Financial assets	**Financial liabilities**	**Financial assets**	**Financial liabilities**
USD	7,391	249	6,296	183
GBP	-	-	-	-
EURO	492	2	393	1
Others	5,048	662	639	165

Particulars	As at December 31, 2018 (Foreign Currency in '000)		As at December 31, 2018 (Rupees in lakhs)	
	Financial assets	**Financial liabilities**	**Financial assets**	**Financial liabilities**
USD	15,002	255	10,555	179
GBP	3	-	2	-
EURO	1,668	9	1,341	7
Others	41,953	861	335	90

For the year ended December 31, 2019, every 5% increase/decrease of the respective foreign currencies compared to functional currency of the Group would impact operating margins by Rupees 349 lakhs (+/-0.77%). For the year ended December 31, 2018, operating margins would increase/decrease by Rupees 598 lakhs (+/-1.27%). Exposure to foreign currency exchange rate vary during the year depending upon the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Price risk

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

The Group is exposed price risk arising mainly from investments in mutual funds recognized at FVTPL. The details of such investment are given under Note 6. If the prices had been higher/lower by 5% from the market prices existing as at reporting dates, profit would increase/decrease by Rupees 1,261 lakhs and Rupees 915 lakhs for the year ended December 31, 2019 and December 31, 2018 respectively.

The Group is exposed price risk arising mainly from investments in quoted equity instruments recognized at FVTOCI. The details of such investment are given under Note 6. If the equity prices had been higher/lower by 5% from the market prices existing as at the reporting date, OCI for the year ended December 31, 2019 would increase/decrease by Rupees 838 lakhs and Rupees 1,294 lakhs for the year ended December 31, 2018.

35.2 Liquidity risk

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

Liquidity risk management

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

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

Financial liabilities maturing within one year:

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Trade receivables	19,937	28,483
Cash and cash equivalents	34,169	20,307
Other bank balances	389	403
Loans	722	845
Investments in mutual funds	25,225	18,303
Other financial assets	7,901	9,407
Total	**88,343**	**77,748**

Financial liabilities maturing within one year:

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Short term borrowings	258	246
Trade payables	7,546	6,477
Others	16,035	15,939
Total	**23,839**	**22,662**

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35.3 Business and credit risks

To mitigate the risk arising from high dependence on any one business for revenues, the Group has adopted a strategy of diversifying in new products/services and into different business segments. To address the risk of dependence on a few large clients and a few sectors in the business segments, the Group has also actively sought to diversify its client base and industry segments.

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

To manage credit risk, the Group periodically assesses the financial reliability of customers and other counterparties, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. The Group uses a provision margin to compute the expected credit loss allowance for trade receivables. Further, the Group doesn't have significant credit risk exposure to any single counter party or a group of counter parties and have adequate provision for credit risk/bad debts. Trade receivables are monitored on periodic basis for any non-recoverability of the dues. Bank balances are held with only high rated banks.

(Rupees in lakhs)

Trade Receivables	As at December 31, 2019	As at December 31, 2018
<= 6 months	20,255	27,749
> 6 months but <= 1 year	869	3,753
> 1 year	1,188	968
Provision for doubtful receivables	(2,375)	(3,987)

36 Details of contingent liabilities and capital commitments are as under

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
A. Contingent liabilities		
1. Bank guarantee in the normal course of business	1,237	1,430
2. Disputed income tax, sales tax, service tax and GST demand:		
(i) Pending before appellate authorities in respect of which the Group is in appeal	8,502	4,670
(ii) Decided in the Group's favour by appellate authorities and department is in further appeal	1,263	1,300
3. Provident Fund		
Based on the judgement by the Honorable Supreme Court dated February 28 2019, past provident fund liability, is not determinable at present, in view of uncertainty on the applicability of the judgement to the Group with respect to timing and the components of its compensation structure. In absence of further clarification, the Group has been legally advised to await further developments in this matter to reasonably assess the implications on its financial statements, if any.		
The Group periodically receives notices and inquiries from income tax authorities related to the Group's operations in the jurisdictions of its operations. The Group has evaluated these notices and inquiries and has concluded that any consequent income tax claims or demands by income tax authorities will not succeed on ultimate resolution other than what has been provided or disclosed herein.		
	11,002	**7,400**

36 Details of contingent liabilities and capital commitments are as under (Contd..)

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
B. Capital commitment		
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	145	148
Management believes that the ultimate outcome of above matters will not have a material adverse impact on its financial position, results of operations and cash flows. In respect of above matters, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgements pending at various authorities.		
Total	**11,147**	**7,548**

37 Segment reporting

Business segments:

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

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

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

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

Segment reporting for the year ended December 31, 2019

(Rupees in lakhs)

Particulars	Business segments			Total
	Ratings	Research	Advisory	
Operating revenue (Refer Note 29)	54,481	104,440	14,251	173,172
Segment results	21,954	23,368	1,273	46,595
Add / (less) unallocables:				
1. Unallocable income				
Interest income				708
Profit on sale of current investments				981
Profit on sale of fixed asset				27
Grant income				2,103
Others*				3,465
2. Unallocable expenditure				(1,034)
3. Depreciation/ amortisation				(3,686)
Profit before exceptional item				**49,159**
Exceptional item				-
Profit before tax				**49,159**
Tax expense				(14,764)
Profit after tax				**34,395**
Segment assets	4,735	73,985	12,637	91,357
Unallocable assets**				77,516
Segment liabilities	14,262	23,891	3,858	42,011
Unallocable liabilities**				9,670

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Revenue and total assets by geographic segments

(Rupees in lakhs)

Geography	Revenue	Assets[#]
India	57,488	94,892
Europe	44,729	44,173
North America	54,457	11,688
Rest of the world	16,498	6,465
Total	**173,172**	**157,218**

Segment reporting for the year ended December 31, 2018

(Rupees in lakhs)

Particulars	Business segments			Total
	Ratings	Research	Advisory	
Operating revenue (Refer Note 29)	50,730	110,601	13,518	174,849
Segment results	18,417	32,644	(809)	50,252
Add / (less) unallocables :				
1. Unallocable income				
Interest income				361
Profit on sale of current investments				340
Profit on sale of fixed asset				86
Grant income				2,519
Others*				4,035
2. Unallocable expenditure				(3,352)
3. Depreciation/ amortisation				(4,282)
Profit before exceptional item				**49,959**
Exceptional item				
Profit before tax				**49,959**
Tax expense				(13,649)
Profit after tax				**36,310**
Segment assets	5,342	66,945	13,289	85,576
Unallocable assets**				77,800
Segment liabilities	13,219	23,878	3,964	41,061
Unallocable liabilities**				8,690

Revenue and total assets by geographic segments

(Rupees in lakhs)

Geography	Revenue	Assets[#]
India	51,466	96,975
Europe	45,143	34,282
North America	62,020	14,122
Rest of the world	16,220	6,716
Total	**174,849**	**152,095**

Notes to segmental results :

"* Other income which have been allocated to business segments have not been considered in determining unallocable income.

**Assets and liabilities used interchangeably between business segments have been classified as unallocable. The Group believes that it is currently not practical to allocate these assets and liabilities since a meaningful segregation of the available data is not feasible.

[#]Total asset for the purpose of geographical segment does not include deferred tax asset and tax asset.

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

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

(Rupees in lakhs)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Total revenue from top two customers who contributed to more than 10% of the revenue from operations in the respective years	34,803	36,378

38 List of related parties

Parties	Relationship
Related parties where control exists	
S&P Global Inc.	Ultimate Holding Company
CRISIL Foundation	Controlled trust
Other related parties (to the extent where transactions have taken place)	
S&P India, LLC	Fellow subsidiary
Standard & Poor's International LLC	Fellow subsidiary
Standard & Poor's South Asia Services Private Limited	Fellow subsidiary
S&P Global Asian Holdings Pte. Limited	Fellow subsidiary
S&P Global Canada Corp.	Fellow subsidiary
S&P Capital IQ (India) Private Limited	Fellow subsidiary
S&P Global UK Limited	Fellow subsidiary
S&P Global Ratings Europe Limited (Formerly known as S&P Credit Market Services Europe Limited)	Fellow subsidiary
Standard & Poor's Financial Services, LLC	Fellow subsidiary
Standard & Poor's Singapore Pte. Ltd.	Fellow subsidiary
Standard & Poor's Hong Kong Limited	Fellow subsidiary
Standard & Poor's (Australia) Pty. Ltd.	Fellow subsidiary
Standard & Poor's Global Ratings Japan Inc.	Fellow subsidiary
S&P Global Market Intelligence LLC	Fellow subsidiary
S&P Global Market Intelligence Inc.	Fellow subsidiary
S&P Ratings (China) Co. Ltd	Fellow subsidiary
Asia Index Private Limited	Fellow subsidiary
Fabindia Overseas Private Limited	Common director
Key Management Personnel	
Girish Paranjpe	Independent Director
Nachiket Mor	Independent Director (up to July 23, 2018)
Arundhati Bhattacharya	Independent Director (with effect from October 16, 2018)
Vinita Bali	Independent Director
M. Damodaran	Independent Director
Martin Fraenkel	Director (with effect from April 18, 2019)
Ewout Steenbergen	Director
Martina Cheung	Director (up to April 18, 2019)
John L Berisford	Chairman
Ravinder Singhania	Alternate Director (up to July 22, 2019)
Ashu Suyash	Managing Director and Chief Executive Officer
Amish Mehta*	Chief Operating Officer (with effect from February 13, 2018 and Chief Financial Officer up to February 12, 2018)
Sanjay Chakravarti*	Chief Financial Officer (with effect from February 13, 2018)
Minal Bhosale*	Company Secretary

* Related Party under the Companies Act, 2013

Transactions with related parties

(Rupees in lakhs)

Name of the related party	Nature of transaction / outstanding balances	As at and for the year ended December 31, 2019	As at and for the year ended December 31, 2018
S&P Global Canada Corp.	Professional services rendered	178	165
	Amount receivable	40	15
S&P Global Ratings Europe Limited	Professional services rendered	4,639	4,561
	Reimbursement of expenses paid	4	4
	Amount receivable	623	859

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Transactions with related parties (Contd..)

(Rupees in lakhs)

Name of the related party	Nature of transaction / outstanding balances	As at and for the year ended December 31, 2019	As at and for the year ended December 31, 2018
Standard & Poor's Financial Services, LLC	Professional services rendered	11,766	11,495
	Amount receivable	884	-
Standard & Poor's Singapore Pte. Ltd.	Professional services rendered	714	640
	Amount receivable	55	63
Standard & Poor's Hong Kong Limited	Professional services rendered	876	507
	Amount receivable	147	62
Standard & Poor's (Australia) Pty. Ltd.	Professional services rendered	470	416
	Amount receivable	40	47
S&P Global Market Intelligence LLC	Subscription fees paid	344	331
	Professional services rendered	450	532
	Amount payable	40	-
	Amount receivable	492	289
Standard & Poor's International LLC	Dividend paid	1,800	1,740
	Share capital outstanding	60	60
S&P India, LLC	Dividend paid	9,363	9,051
	Share capital outstanding	312	312
S&P Global Asian Holdings Pte. Limited	Dividend paid	3,457	3,198
	Share capital outstanding	115	115
S&P Capital IQ (India) Private Limited	Reimbursement of expenses received	92	-
	Amount receivable	17	-
Standard & Poor's South Asia Services Private Limited	Reimbursement of expenses received	1,008	204
	Amount receivable	196	50
S&P Ratings (China) Co. Ltd	Professional services rendered	11	6
Standard & Poor's Global Ratings Japan Inc.	Professional services rendered	235	167
	Amount receivable	19	23
Asia Index Private Limited	Reimbursement of expenses paid	2	-
S&P Global Inc.	Reimbursement of expenses paid	-*	-
	Reimbursement of expenses received	-	1
	Professional services rendered	41	131
	Rent paid	237	185
	Amount receivable	-	48
S&P Global Market Intelligence Inc.	Reimbursement of expenses paid	-	3
	Reimbursement of expenses received	52	50
	Sale of property, plant and equipment	-	1
	Amount receivable	4	-
S&P Global UK Limited	Rent paid	223	157
	Professional services rendered	443	397
	Professional fees paid	-	16
	Subscription fees paid	-	6
	Amount payable	23	-
	Amount receivable	236	223

Transactions with related parties (Contd..)

(Rupees in lakhs)

Name of the related party	Nature of transaction / outstanding balances	As at and for the year ended December 31, 2019	As at and for the year ended December 31, 2018
CRISIL Foundation	Donation	1,070	857
	Reimbursement of expenses received	52	35
Fabindia Overseas Private Limited	Professional services rendered	2	1
Girish Paranjpe	Sitting fees and commission	40	38
Nachiket Mor	Sitting fees and commission	-	20
Arundhati Bhattacharya	Sitting fees and commission	35	8
Vinita Bali	Sitting fees and commission	41	41
M. Damodaran	Sitting fees and commission	41	39
Ashu Suyash**	Remuneration	559	571
	Options granted (nos.)	21,056	19,562
Amish Mehta**	Remuneration	364	315
	Options granted (nos.)	11,633	8,275
Sanjay Chakravarti**	Remuneration	155	182
	Options granted (nos.)	5,488	12,315
Minal Bhosale**	Remuneration	91	86
	Options granted (nos.)	1,039	918

-* in amounts column denote amount less than Rupees 50,000

**Note: As the future liability for retirement and other employee benefits is provided on an actuarial basis for the Group as a whole, the amount pertaining to key managerial persons is not included above.

39 Operating lease

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

(Rupees in lakhs)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Lease Payment recognised in the statement of profit and loss	7,155	6,416
Future minimum lease payments		
Not later than one year	6,519	5,704
Later than one year and not later than five years	15,768	18,378
Later than five years	2,950	2,604
Total	**25,237**	**26,686**

40 Gratuity and other post employment benefits plans

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

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

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40 Gratuity and other post employment benefits plans (Contd..)

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

(Rupees in lakhs)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Current service cost	659	613
Interest cost on defined benefit obligation	112	93
Re-measurement - actuarial (gain)/loss (recognised in OCI)	239	15
Expected return on plan assets (recognised in OCI)	13	29
Net gratuity benefit expense	**1,023**	**750**

Balance Sheet:

Details of provision for gratuity benefit

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Present value of funded obligations	4,862	4,330
Fair value of plan assets	(2,557)	(2,261)
Net liability	**2,305**	**2,069**

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

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Opening defined benefit obligation	4,330	3,833
Current service cost	659	613
Interest cost	300	282
Acquisitions (credit)/ cost	-	36
Actuarial (gain)/loss	(6)	(29)
Actuarial (gain)/loss (financial assumptions)	245	44
Benefits directly paid by company	(5)	-
Benefits paid	(661)	(449)
Closing defined benefit obligation	**4,862**	**4,330**

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

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Opening fair value of plan assets	2,261	1,891
Expected return on plan assets	(13)	(29)
Interest income on plan assets	188	189
Contribution by employer	782	659
Benefits paid	(661)	(449)
Closing fair value of plan assets	**2,557**	**2,261**

The defined benefit obligation shall mature after December 31, 2019 as follows:

Particulars	Rupees in lakhs
December 31, 2020	473
December 31, 2021	528
December 31, 2022	625
December 31, 2023	720
December 31, 2024	759
December 31, 2025 to December 31, 2030	4,273

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

Particulars	As at December 31, 2019	As at December 31, 2018
Investment with insurer	100%	100%

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

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

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Discount rate	6.80%	7.20%
Estimated rate of return on plan assets	7.50%	7.20%
Expected employee turnover (in service years)	**Rates**	**Rates**
Service < 5	20.00%	20.00%
Service => 5	10.00%	10.00%
Increment	10% for first 4 years starting 2019 and 7% thereafter	10% for first 4 years starting 2018 and 7% thereafter
Expected employer's contribution next year (Rupees in lakhs)	791	693

Broad category of plan assets as per percentage of total plan assets of the gratuity:-

(Rupees in lakhs)

Particulars	As at December 31, 2019	As at December 31, 2018
Government securities	76%	68%
Fixed deposits, debentures and bonds	18%	23%
Others	6%	9%
Total	**100%**	**100%**

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

Discount rate	Rupees in lakhs
Effect on DBO due to 0.5% increase in discount rate	(173)
Effect on DBO due to 0.5% decrease in discount rate	186

Salary escalation rate	Rupees in lakhs
Effect on DBO due to 0.5% increase in salary escalation rate	153
Effect on DBO due to 0.5% decrease in salary escalation rate	(149)

Other benefits

The Group has recognised the following amounts in the statement of profit and loss:

(Rupees in lakhs)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
i. Contribution to provident fund	1,820	1,777
ii.Contribution to other funds	2,632	2,925

A provision of Rupees 5,822 lakhs has been made for compensated absences as at December 31, 2019 (Previous year: Rupees 5,642 lakhs).

Consolidated Financial Statements

41 Application of Ind AS 29 in financial reporting of Argentina subsidiary

Ind AS 29 "Financial reporting in Hyperinflation Economies", which requires that the financial statements of entities whose functional currency is that of Hyperinflation economy to be adjusted for the effects of changes in a suitable general price index and to be expressed in terms of the current unit of measurement at the closing rate of the reporting period, is still applicable for the company's Argentine subsidiary. The inflation adjustment was calculated by means of conversion factor derived from the Argentine price indexes published by the Argentina's Official Statistics Bureau ('INDEC'). The average index for the year ended December 31, 2019, was 1.54 (Previous year average index: 1.48). The main procedures for the above-mentioned adjustment are as follows:

i. Monetary assets and liabilities which are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.

ii. Non-monetary assets and liabilities which are not carried at amounts current at the balance sheet date, and components of shareholders' equity are adjusted by applying the relevant conversion factors.

iii. All items in the income statement are restated by applying the relevant conversion factors.

iv. The effect of inflation on the Company's net monetary position is included in the income statement, in finance income/cost under the caption "Inflation adjustment results".

The comparative figure as of December 31, 2018, have been stated as per changes in the general price index applicable to the financial reporting of the company's subsidiary with the Argentine peso as functional currency and, as result have been stated in terms of such currency as of the end of comparative reporting period.

42 Securities and Exchange Board of India (SEBI) notifications dated May 30, 2018 and September 19, 2018, under the SEBI (Credit Rating Agencies) Regulations, 1999, have mandated segregation of Ratings and Non-Ratings businesses of Credit Rating Agencies. Pursuant to, and in order to comply with these notifications, CRISIL's Board of Directors approved transfer of the Ratings business to CRISIL Ratings Limited, (incorporated on June 3, 2019), a wholly owned subsidiary of CRISIL Limited. This transfer would be undertaken through a 'Scheme of arrangement in terms of Section 230 to 232 of the Companies Act, 2013' ('Scheme') to be approved by the Stock Exchanges and the National Company Law Tribunal (NCLT). Having received the requisite approvals from the Stock Exchanges, the Company has filed the Scheme with NCLT on October 25, 2019. NCLT has admitted the Scheme and has ordered convening of shareholders' meetings for approving the Scheme. A meeting of the equity shareholers has been convened on February 12, 2020, for approval of the Scheme.

43 On December 19, 2019, CRISIL Irevna US LLC, a wholly owned subsidiary company has entered into a definitive agreement to acquire 100% of the equity share capital of Greenwich Associates LLC ('Greenwich'), a company based in Stampford, USA, and its subsidiaries, a leading provider of proprietary benchmarking data, analytics and qualitative, actionable insights that helps financial services firms worldwide measure and improve business performance. The acquisition will complement CRISIL' s existing portfolio of products and expand offerings to new segments across financial services including commercial banks and asset and wealth managers.

44 Business Combination

On January 24, 2018, CRISIL completed the acquisition of 100% stake in Pragmatix Services Private Limited ('Pragmatix'). The business combination was conducted by entering into a share purchase agreement for a total consideration of Rupees 5,600 lakhs. Accordingly, Pragmatix became a wholly-owned subsidiary of CRISIL with effect from the said date.

The excess of purchase consideration over net assets and the identified intangible asset has been recognised as Goodwill. All assets, liabilities and reserves in the books of Pragmatix as on January 24, 2018 are recognised in the Group's books at their respective carrying values."

45 Employee stock option scheme ("ESOS")

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

Particulars	Date of grant	No. of options granted	Exercise price (Rupees)	Graded vesting period			Weighted average price (Rupees)**
				1st Year	2nd Year	3rd Year	
ESOS 2014 (1)	17-Apr-14 *	2,860,300	1,217.20	953,433	953,433	953,434	469.48
ESOS 2014 (2)	01-Jun-15 *	71,507	2,101.10	23,835	23,835	23,837	708.36
ESOS 2012 (1)	16-Apr-12	903,150	1,060.00	180,630	361,260	361,260	320.59
ESOS 2012 (2)	16-Apr-12	5,125	1,060.00	5,125	-	-	230.97
ESOS 2012 (3)	14-Feb-14	123,000	1,119.85	24,600	49,200	49,200	334.20
ESOS 2011 (1)	14-Feb-11	1,161,000	579.88	232,200	464,400	464,400	185.21
ESOS 2011 (2)	14-Feb-11	23,750	579.88	23,750	-	-	149.41
ESOS 2011 (3)	03-Oct-14	33,000	1,985.95	6,600	13,200	13,200	583.69
ESOS 2011 (4)	25-Feb-15	22,000	2,025.20	4,400	8,800	8,800	515.78
ESOS 2011 (5)	16-Dec-16	194,200	2,180.85	38,840	77,680	77,680	621.74
ESOS 2012 (4)	16-Dec-16	47,800	2,180.85	9,560	19,120	19,120	621.74
ESOS 2014 (3)	16-Dec-16*	82,100	2,180.85	27,093	27,093	27,914	734.46
ESOS 2014 (4)	09-Mar-17*	13,400	1,997.35	4,422	4,422	4,556	680.28
ESOS 2014 (5)	17-Jul-17*	25,000	1,956.55	8,250	8,250	8,500	626.51
ESOS 2014 (6)	8-Jan-18*	8,000	1,919.25	2,666	2,666	2,667	623.48
ESOS 2014 (7)	24-Jan-18*	238,970	1,969.45	79,656	79,656	79,658	651.23
ESOS 2014 (8)	04-Apr-18	164,457	1,841.35	54,818	54,818	54,820	410.12
ESOS 2014 (9)	16-Apr-19	226,155	1,568.85	75,384	75,384	75,387	332.35

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

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

The Company had three schemes under which options have been granted in the past. Under ESOS 2011, ESOS 2012, ESOS 2014 (8) and ESOS 2014 (9) option vest over three years at each of the anniversaries. ESOS 2011 and ESOS 2012 are exercisable within three years from the date of vesting and are settled in equity on exercise. ESOS 2014 (8) and ESOS 2014 (9) are exercisable within two years from the date of vesting and are settled in equity on exercise.

Under ESOS 2014 (1-7) options vest over five years starting from third anniversary of the grant. Options are exercisable within two years from the date of vesting and are settled in equity on exercise.

The summary for each scheme as at December 31, 2019

Name of the shareholder	ESOS - 2011		ESOS - 2012		ESOS - 2014	
	Number of options	Wtd. avg. exercise price (Rupees)	Number of options	Wtd. avg. exercise price (Rupees)	Number of options	Wtd. avg. exercise price (Rupees)
Outstanding at the beginning of the period	220,600	2,157.53	74,030	1,804.92	1,356,879	1,547.24
Granted during the period	-	N.A.	-	N.A.	226,155	1,568.85
Forfeited during the period	-	N.A.	-	N.A.	246,193	1,795.83
Exercised during the period	-	N.A.	-	N.A.	188,544	1,217.20
Expired during the period	13,200	1,985.95	-	N.A.	35,359	1,217.20
Outstanding at the end of the period	207,400	2,168.45	74,030	1,804.92	1,112,938	1,563.03
Exercisable at the end of the period	207,400	2,168.45	74,030	1,804.92	607,682	1,367.84

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The summary for each scheme as at December 31, 2018

Particulars	ESOS - 2011		ESOS - 2012		ESOS - 2014	
	Number of options	Wtd. avg. exercise price (Rupees)	Number of options	Wtd. avg. exercise price (Rupees)	Number of options	Wtd. avg. exercise price (Rupees)
Outstanding at the beginning of the period	227,200	2,152.54	77,800	1,767.15	1,422,141	1,337.62
Granted during the period	-	N.A.	-	N.A.	411,427	1,917.27
Forfeited during the period	-	N.A.	80	1,119.85	69,525	1,382.10
Exercised during the period	-	N.A.	3,690	1,119.85	407,164	1,217.20
Expired during the period	6,600	1,985.95	-	N.A.	-	N.A.
Outstanding at the end of the period	220,600	2,157.53	74,030	1,804.92	1,356,879	1,547.24
Exercisable at the end of the period	142,920	2,144.85	54,910	1,674.02	332,453	1,279.94

Particulars	Date	Wtd. avg. exercise price (Rupees)
Weighted average share price at the date of exercise.	Feb 12, 2019	1,655.59
	April 17, 2019	1,536.29
	July 23, 2019	1,433.22
	November 8, 2019	1,361.40

Particulars	Range of exercise prices Rupees	Wtd. avg. remaining contractual life
Range of exercise prices and weighted average remaining contractual life.	1,119.85 to 1,217.25	450 days
	1,568.85 to 1,997.35	1480 days
	2,101.10 to 2,180.85	1102 days

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

Variables	ESOS 2014
Date of grant	April 16, 2019
Stock price (Rupees)	1,568.85
Volatility (%)	22.98
Riskfree rate (%)	6.86
Exercise price (Rupees)	1,568.85
Expected life (Time to maturity)	3.00
Dividend yield (%)	1.91
Fair value per option (Rupees)	332.35

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

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

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

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

Dividend yield: Expected dividend yield has been calculated as a total of interim and final dividend declared in last year preceding date of grant.

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

Particulars	Year ended December 31, 2019		Year ended December 31, 2018	
	Numbers	Rupees in lakhs	Numbers	Rupees in lakhs
Exercised during the year	188,544	2,295	410,854	4,995
Total	**188,544**	**2,295**	410,854	4,995

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

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

Particulars	As at December 31, 2019		As at December 31, 2018	
	Numbers	Rupees in lakhs	Numbers	Rupees in lakhs
Not later than two years	1,248,464	20,645	1,308,836	20,375
Later than two years & not later than five years	145,904	2,584	342,673	6,715
Total	**1,394,368**	**23,229**	1,651,509	27,090

46 Earning per share

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

(Rupees in lakhs)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Net profit for calculation of basic/diluted EPS	34,395	36,310

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Weighted average number of equity shares in calculating basic EPS	72,243,688	71,904,428
Effect of dilution:		
Add: weighted average stock options granted under ESOS	95,840	243,987
Weighted average number of equity shares in calculating diluted EPS	72,339,528	72,148,415

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Basic (Rupees)	47.61	50.50
Diluted (Rupees) (On account of ESOS, Refer Note 45)	47.55	50.33

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

Particulars	As at December 31, 2019 (Nos.)	As at December 31, 2018 (Nos.)
Options to purchase equity shares having anti-dilutive effect	263,247	136,911

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47 Dividend

Details of Dividend paid on equity shares are as under:

(Rupees in lakhs)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Final dividend for the year 2018 (Previous year: 2017) Rupees 11 per equity share of Rupee 1 each (Previous year: Rupees 10 per share)	7,938	7,173
Dividend distribution tax on final dividend	1,632	1,474
Interim dividend for the year 2019 (Previous year: 2018) Rupees 19 per equity share of Rupee 1 each (Previous year: Rupees 19 per share)	13,735	13,679
Dividend distribution tax on interim dividend	1,857	2,812
Total	**25,162**	**25,138**

Proposed dividend

The Board of Directors at its meeting held on February 11, 2020 have recommended a final dividend of Rupees 13 per equity share of face value of Rupee 1 each for the financial year ended December 31, 2019. The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

48 Corporate Social Responsibility (CSR) expenses for the year ended December 31, 2019, includes Rupees 768 lakhs (Previous year: Rupees 736 lakhs) which was spend on various CSR schemes as prescribed under Section 135 of the Companies Act, 2013. The CSR amount based on limits prescribed under the Companies Act, 2013 for the year was Rupees 737 lakhs (Previous year: Rupees 732 lakhs). Key CSR activities were "education and women empowerment – financial capability building" and "conservation of environment".

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

As at December 31, 2019

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Rupees in lakhs	As % of consolidated profit or loss	Rupees in lakhs	As % of consolidated other comprehensive income	Rupees in lakhs	As % of consolidated total comprehensive income	Rupees in lakhs
1	2	3	4	5	6	7	8	9
Parent: CRISIL Limited	65%	75,875	77%	26,629	109%	(9,594)	67%	17,035
Subsidiaries								
Indian								
1. CRISIL Risk and Infrastructure Solutions Limited	5%	5,456	2%	555	-*	(14)	2%	541
2. Pragmatix Services Private Limited	1%	1,710	1%	199	-*	2	1%	201
3. CRISIL Ratings Limited	-*	10	-	-	-	-	-	-

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Rupees in lakhs	As % of consolidated profit or loss	Rupees in lakhs	As % of consolidated other comprehensive income	Rupees in lakhs	As % of consolidated total comprehensive income	Rupees in lakhs
1	2	3	4	5	6	7	8	9
Foreign								
1. CRISIL Irevna Argentina S.A.	3%	3,203	3%	1,145	12%	(1,043)	-*	102
2. CRISIL Irevna Poland SP.Zo.o.	-*	307	-*	97	-*	(13)	-*	84
3. CRISIL Irevna UK Limited	36%	42,587	33%	11,378	(6)%	488	46%	11,866
4. CRISIL Irevna US LLC	1%	1,432	1%	182	-*	5	1%	187
5. CRISIL Irevna Information Technology (Hangzhou) Co. Ltd.	1%	642	1%	207	-*	(9)	1%	198
6. Coalition Development Limited	5%	5,680	30%	10,316	(3)%	250	41%	10,566
7. Coalition Development Singapore Pte Limited	-*	262	1%	313	-*	23	1%	336
Total elimination/ adjustment	(17)%	(19,972)	(48)%	(16,626)	(13)%	1,130	(60)%	(15,496)
TOTAL	**100%**	**117,192**	**100%**	**34,395**	**100%**	**(8,775)**	**100%**	**25,620**

*"-" denotes less than 1%

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50 During the year ended December 31, 2018, the Group has made additional provision for receivables of Rupees 1,684 lakhs in the Advisory services segment, which was included under 'Other expenses'.

51 During the year, the Group received export benefits amounting to Rupees 2,093 lakhs (Previous year: Rupees 2,493 lakhs) in the form of duty free saleable scrips under the Service Export Incentive Scheme (SEIS) from the Government authorities and the same has been accounted for as 'Other income' in the consolidated financial statements (Refer Note 30).

52 Personnel expenses to the extent of Rupees 33 lakhs (Previous year: Rupees 265 lakhs) is considered for capitalisation as intangible assets.

53 Previous year's figures have been regrouped where necessary to conform to current year classification.

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

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

Khushroo B Panthaky
Partner
Membership No.: 42423

Date: February 11, 2020
Place: Mumbai

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

John L. Berisford
Chairman
[DIN: 07554902]

Girish Paranjpe
Director
[DIN: 02172725]

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

Date: February 11, 2020
Place: Mumbai

M. Damodaran
Director
[DIN: 02106990]

Arundhati Bhattacharya
Director
[DIN: 02011213]

Sanjay Chakravarti
Chief Financial Officer

Vinita Bali
Director
[DIN: 00032940]

Ewout Steenbergen
Director
[DIN: 07956962]

Minal Bhosale
Company Secretary

Form AOC-I

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

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

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

Sl. No.	1	2	3	4	5	6	7	8	9	10
Particulars	**CRISIL Risk and Infrastructure Solutions Limited**	**CRISIL Irevna Argentina S.A.**	**CRISIL Irevna Poland SP.Zo.o.**	**CRISIL Irevna UK Limited**	**CRISIL Irevna US LLC**	**CRISIL Irevna Information Technology (Hangzhou) Co. Ltd.**	**Coalition Development Limited**	**Coalition Development Singapore Pte Limited**	**Pragmatix Services Private Limited**	**CRISIL Ratings Limited**
The date since when subsidiary was acquired/ Investment in subsidiary	4-Aug-00	21-May-07	14-Nov-08	19-Oct-04	19-Oct-04	22-Jul-10	3-Jul-12	3-Jul-12	24-Jan-18	3-Jun-19
Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	December 31, 2019	December 31, 2019	December 31, 2019	December 31, 2019	December 31, 2019	December 31, 2019	December 31, 2019	December 31, 2019	December 31, 2019	March 31, 2020
Reporting currency	INR	ARS	PLN	GBP	USD	CNY	GBP	SGD	INR	INR
Exchange rate as on the last date (Rupees)	1.00	1.19	18.71	93.32	71.36	10.20	93.32	52.77	1.00	1.00
Share capital	500	172	9	4,441	712	247	151	-*	314	10
Reserves & surplus	4,956	3,031	298	38,146	720	395	5,529	262	1,396	-
Total assets	9,043	1,436	569	46,582	9,937	895	12,275	1,765	2,974	10
Total liabilities	9,043	1,436	569	46,582	9,937	895	12,275	1,765	2,974	10
Investments	-	-	-	27,374	-	-	-*	-	-	-
Turnover	9,409	4,910	1,590	27,810	17,425	2,101	31,432	5,708	4,805	-
Profit before taxation	807	1,229	135	11,523	709	238	12,775	366	327	-
Tax expense	252	84	38	145	527	31	2,459	53	128	-
Profit after taxation	555	1,145	97	11,378	182	207	10,316	313	199	-
Dividend Paid	-	-	454	4,306	-	402	10,336	786	-	-
% of shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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

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

John L. Berisford
Chairman
[DIN: 07554902]

M. Damodaran
Director
[DIN: 02106990]

Vinita Bali
Director
[DIN: 00032940]

Girish Paranjpe
Director
[DIN: 02172725]

Arundhati Bhattacharya
Director
[DIN: 02011213]

Ewout Steenbergen
Director
[DIN: 07956962]

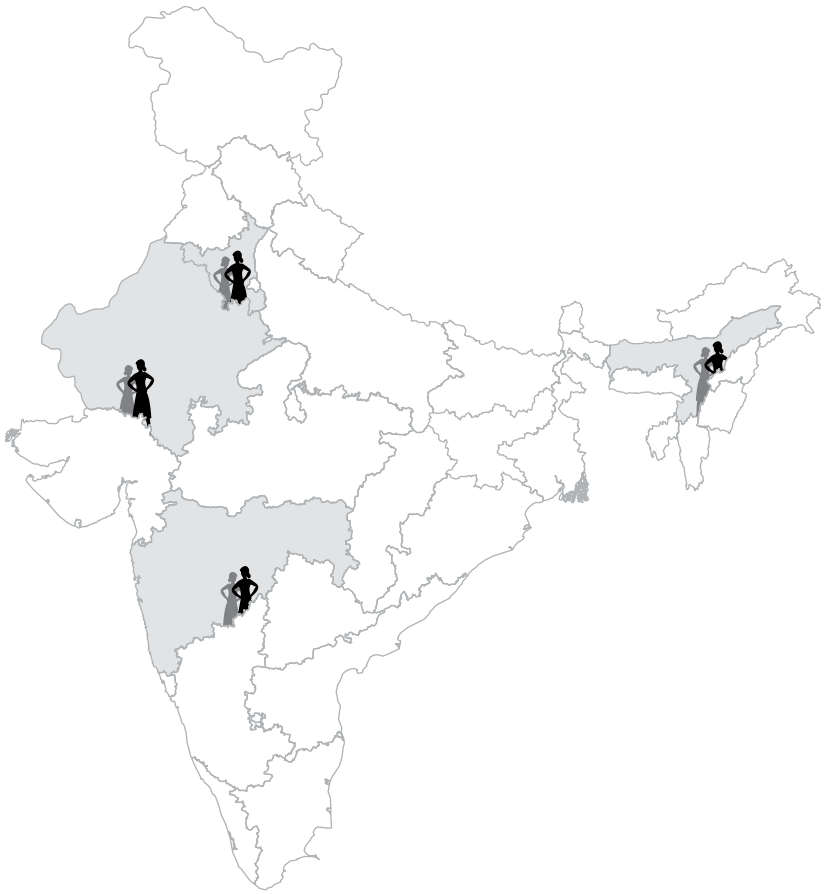
Ashu Suyash
Managing Director and Chief Executive Officer
[DIN: 00494515]

Sanjay Chakravarti
Chief Financial Officer

Minal Bhosale
Company Secretary

Place: Mumbai
Date: February 11, 2020

When social impact is sustainable, communities thrive.



मैं प्रगती

A CRISIL Programme

Empowering socially and economically disadvantaged sections of the society by imparting financial education and promoting financial inclusion to women in Assam and Rajasthan.

MoneyWise

Driving financial literacy and inclusion with support of the Reserve Bank of India, NABARD and other banks across 3 states - Maharashtra, Haryana & Rajasthan.

2700+
Villages

540,000+
Villagers

1100+
Trained community cadre

260,000+
Applications facilitated

CRISIL won the National CSR Award 2018 - the highest honour for corporate social responsibility, conferred by the Honourable President of India, Shri Ram Nath Kovind - for demonstrating sustainable social impact in challenging circumstances through Mein Pragati (Assam) its flagship programme in financial inclusion.

TRUST Matters