

# Report of the Directors on Corporate Governance

At CRISIL, corporate governance is a reflection of its principles embedded in its values, policies and day-to-day business practices, leading to sustainable, value-driven growth for the Company over the years. The Company has adopted best practices for corporate governance, disclosure standards and enhanced shareholder value while protecting the interests of all other stakeholders including clients, suppliers and its employees.

The Directors present below the Company's policies and practices on corporate governance.

## A. Board of Directors

### Size and Composition of the Board

As on December 31, 2016, the Board of Directors has eight members of which seven (87.5%) are Non-Executive Directors. Four (50%) of the eight Board members are Independent Directors. The Chairman of the Board is a Non-Executive Director. The Company has one Alternate Director. As per the Articles of Association of the Company, the Board can have up to 15 members. None of the directors are related to any other director on the Board.

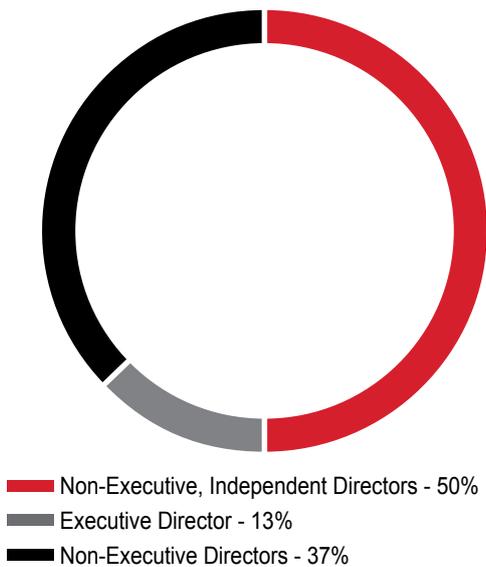
The composition of the Board of Directors of the Company as on December 31, 2016, was as follows:

| Category  | Name of the Director                       |
|---|--|
| Non-Executive Chairman                                    | Mr. Douglas L. Peterson<br>(DIN: 05102955) |
| Independent, Non-Executive Directors                      | Mr. H. N. Sinor<br>(DIN: 00074905)         |
|   | Dr. Nachiket Mor<br>(DIN: 00043646)        |
|   | Mr. M. Damodaran<br>(DIN: 02106990)        |
|   | Ms. Vinita Bali<br>(DIN: 00032940)         |
| Non-Executive Directors                                   | Ms. Martina Cheung<br>(DIN: 07551069)      |
|   | Mr. John L. Berisford<br>(DIN: 07554902)   |
| Managing Director & Chief Executive Officer               | Ms. Ashu Suyash<br>(DIN: 00494515)         |
| Alternate Director (alternate to Mr. Douglas L. Peterson) | Mr. Ravinder Singhanian<br>(DIN: 00006921) |

#### Notes:

- Mr. John F. Callahan Jr (DIN: 07314618) & Mr. Yann Le Pallec (DIN: 05173118) have resigned from the directorship of the Company with effect from July 19, 2016.
- The Board of Directors of the Company has appointed Ms. Martina Cheung & Mr. John L. Berisford as Additional Non-Executive Directors of the Company with effect from July 19, 2016.

### Percentage of Board Positions



### Criteria for Board Membership

The members of the Board of Directors of the Company are eminent persons of proven competence and integrity. Board members possess the education, expertise, skills and experience in various sectors and industries required to manage and guide the Company. The Board has adopted the Nomination and Remuneration Policy to ensure that the Board composition is balanced with requisite skill sets, so that the Company benefits from new insights, guidance and challenges to business proposals. The said Policy outlines the appointment criteria and qualifications for the Directors on the Board of CRISIL and the matters related to remuneration of the Directors. The said Policy has been published elsewhere in this Report as an Annexure to the Director's Report. None of the Directors is a relative of an Executive Director or of a Non-Executive Director.

### Membership Term

As per the Articles of Association of the Company, at least two-thirds of the other Board members shall be retiring directors, excluding the Independent Directors. One-third of such directors are required to retire every year and if eligible, the retiring directors qualify for re-appointment. The Managing Director is appointed by the shareholders for a period of five years but can be reappointed on completion of the term, if eligible. The employment may be terminated by either party by giving three months' notice. Independent Directors shall hold office for up to two terms of five years each.

### Succession Policy

The Board constantly evaluates the contribution of its members and recommends to shareholders their re-appointment

upon expiry of their respective tenures. The Nomination and Remuneration Committee of the Board regularly reviews succession planning and competency planning priorities for Board and senior management.

The Board has adopted a retirement policy for its members. The maximum age of retirement of Executive Directors is sixty years, provided that the term of the person holding this position may be extended beyond the age of sixty years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond sixty years.

### Memberships of other Boards

Independent Directors are expected not to serve on the boards of competing companies. No Director shall hold office as a director in more than ten public companies. No Director of the Company shall serve on more than ten committees or can act as chairman of more than five committees across all Indian listed and public limited companies in which he / she is a Director. For the purpose of this limitation, membership and chairmanship in Audit Committee and Stakeholders' Relationship Committee are only considered. No Independent Director shall serve as Independent Director in more than seven listed companies or three listed companies in case he is a Whole-time Director in any listed company.

Furthermore, every Director informs the Company about the directorship / committee positions he / she occupies in other companies and notifies the changes as and when they take place. The details of other directorships held by the Company's Directors as on December 31, 2016 are given below:

| Name of the Director   | Directorship <sup>#</sup> | Membership of Committees <sup>*</sup> | Chairmanship of Committees <sup>*</sup> |
|------------------------|---------------------------|---------------------------------------|---|
| Mr. H. N. Sinor        | 8                         | 4                                     | 3                                       |
| Dr. Nachiket Mor       | 2                         | 0                                     | 0                                       |
| Mr. M. Damodaran       | 8                         | 5                                     | 2                                       |
| Ms. Vinita Bali        | 3                         | 2                                     | 0                                       |
| Mr. Douglas Peterson   | 1                         | 0                                     | 0                                       |
| Ms. Martina Cheung     | 2                         | 0                                     | 0                                       |
| Mr. John L. Berisford  | 1                         | 2                                     | 0                                       |
| Ms. Ashu Suyash        | 1                         | 1                                     | 0                                       |
| Mr. Ravinder Singhania | 9                         | 1                                     | 0                                       |

<sup>#</sup> Covers private, public and listed companies including CRISIL Limited but excludes foreign companies and Section 8 companies.

\* Memberships / Chairmanships in Audit Committee and Shareholders'/Investors' Grievance Committee of Listed and Public Limited Companies including CRISIL Limited.

### Details of shareholdings of Directors as on December 31, 2016

None of the Directors hold any shares in the Company. However, Ms. Ashu Suyash, Managing Director & Chief Executive Officer, has been granted 71,507 options under the Employee Stock Option Scheme – 2014 at an exercise price of Rs. 2,101.10 on June 1, 2015. These options will vest in three equal tranches in third, fourth and fifth year from the grant and can be exercised after two years from each vesting.

### Responsibilities

The Board looks at long-term strategic planning, annual budget approvals and policy formulation. The Board also has a strong operational oversight and reviews key risks and opportunities in the business context. The Board meets at least once in every calendar quarter and the maximum time gap between any two meetings is not more than 120 days. During the year ended December 31, 2016, the Board met four times - on February 9, April 19, July 19 and October 14. The agenda of Board meetings is circulated to all the Directors well in advance and contains all the relevant information. The Company has an executive committee comprising the Managing Director and a team of senior management personnel with proper demarcation of responsibilities and authority. The Managing Director is responsible for corporate strategy, planning, external contacts and Board matters. The heads of individual businesses and the CRISIL leadership team are responsible for all day-to-day operations-related issues, profitability, productivity, recruitment and employee retention for their divisions.

As on the date of this report, Mr. Gurpreet Chhatwal, was the President of CRISIL Ratings, Mr. Manish Jaiswal was the business head of CRISIL Ratings, SME, Mr. V. Srinivasan was the President of CRISIL Global Research & Analytics, Mr. Pawan Agrawal was the Chief Analytical Officer, CRISIL Ratings, Mr. Amish Mehta was the President - Chief Financial Officer of CRISIL and was the business head of India Research business, Mr. Stephane Besson was the Chief Executive Officer of Coalition, Mr. Ramraj Pai was the President of CRISIL Risk & Infrastructure Solutions and CRISIL Foundation, Mr. Rajasekhar Kaza was the President of Human Resources, CRISIL, Ms. Priti Arora was Chief Strategy Officer of CRISIL and was the business head of CRISIL Global Analytical Centre and Mr. Krishnan Venkateshwaran was a Senior Director - Corporate Technology.

Risk Solutions and Infrastructure Advisory businesses were the divisions of a wholly owned subsidiary, CRISIL Risk and Infrastructure Solutions Limited.

The meetings of the Board of Directors are as under:

| Name of the Directors                       | No. of Board meetings held during the tenure | No. of Board meetings attended out of those held | Last Annual General Meeting attendance |
|---|--|--|--|
| Mr. H. N. Sinor                             | 4  | 3  | Yes                                    |
| Dr. Nachiket Mor                            | 4  | 3  | Yes                                    |
| Mr. M. Damodaran                            | 4  | 4  | Yes                                    |
| Ms. Vinita Bali                             | 4  | 4  | Yes                                    |
| Mr. Douglas L. Peterson                     | 4  | 4  | Yes                                    |
| Mr. Yann Le Pallec                          | 3  | 1 <sup>#</sup>                                   | Yes                                    |
| Mr. John F. Callahan Jr.                    | 3  | 3 <sup>#</sup>                                   | Yes                                    |
| Ms. Martina Cheung                          | 2  | 2 <sup>\$</sup>                                  | No                                     |
| Mr. John L. Berisford                       | 2  | 2 <sup>\$</sup>                                  | No                                     |
| Ms. Ashu Suyash                             | 4  | 4  | Yes                                    |
| Mr. Ravinder Singhania (Alternate Director) | 4  | @  | No                                     |

# Resigned with effect from July 19, 2016

\$ Appointed on July 19, 2016

@ Mr. Ravinder Singhania did not attend the meetings since Mr. Douglas L. Peterson for whom he is Alternate Director, attended all Board Meetings.

### Familiarisation programme for Independent Directors

The Programme aims to provide insights into the Company to enable the Independent Directors to understand its business in depth, to familiarise them with the processes, businesses and functionalities of the Company and to assist them in performing their role as Independent Directors of the Company. The Company's Policy of conducting the Familiarisation Programme and the details of familiarisation programmes imparted to independent directors during 2016 have been disclosed on the website of the Company at <http://www.crisil.com/investors/corporate-governance.html>.

### Remuneration Policy

#### 1) Remuneration to Non-Executive Directors

Non-Executive Directors are paid sitting fees for each meeting of the Board or its committees attended by them and are also

eligible for commission. The commission payable to each Non-Executive Director is limited to a fixed sum per year as determined by the Board, based on Company's performance, prevailing norms and role and contributions of Board members. In terms of the Central Government approval dated September 19, 2013 and special resolution passed by the shareholders on April 18, 2013, the Company can pay remuneration not exceeding one per cent of the net profits to the Non-Executive Directors for a period of five years with effect from January 1, 2013. The Non-Executive Directors have not been granted any stock options of the Company.

## 2) Managing Director and other employees of the Company

The remuneration and reward structure for Managing Director and employees comprises two broad components — short-term remuneration and long-term rewards. The remuneration package of Ms. Ashu Suyash comprises a fixed salary, allowances, perquisites, reimbursements and retirement benefits, and a variable pay to be determined by the Board on the recommendation of the Nomination and Remuneration Committee. In addition, Ms. Suyash has been granted 71,507 options under the Employee Stock Option Scheme – 2014 at an exercise price of Rs. 2,101.10 on June 1, 2015. These options will vest in three equal tranches in third, fourth and fifth year from the grant and can be exercised after two years from each vesting. Ms. Suyash is eligible for benefits under any long-term incentive plan, stock option plan, excess contribution and other benefits in accordance with the rules of the Company applicable to all employees. In terms of her service contract, she is not eligible for any severance fee. The Nomination and Remuneration Committee determines the remuneration of Managing Director and determines guidelines for remuneration payable to the employees. The detailed policy of the Company on the Nomination and Remuneration is annexed to the Directors' Report.

Sitting fees and commission paid to Non-Executive Directors

| Name of Directors       | (Rupees)     |            |           |
|-------------------------|--------------|------------|-----------|
|                         | Sitting Fees | Commission | Total     |
| Mr. H. N. Sinor         | 4,65,000     | 27,50,000  | 32,15,000 |
| Dr. Nachiket Mor        | 2,65,000     | 27,50,000  | 30,15,000 |
| Mr. M. Damodaran        | 6,20,000     | 27,50,000  | 33,70,000 |
| Ms. Vinita Bali         | 5,35,000     | 27,50,000  | 32,85,000 |
| Mr. Douglas L. Peterson | Nil*         | Nil *      | Nil *     |
| Mr. Yann Le Pallec#     | Nil*         | Nil *      | Nil *     |

|  |                  |                    |                    |
|--|------------------|--------------------|--------------------|
| Mr. John F. Callahan Jr.#                      | Nil*             | Nil *              | Nil *              |
| Ms. Martina Cheung                             | Nil*             | Nil *              | Nil *              |
| Mr. John L. Berisford                          | Nil*             | Nil *              | Nil *              |
| Mr. Ravinder Singhania<br>(Alternate Director) | Nil              | Nil                | Nil                |
| <b>TOTAL</b>                                   | <b>18,85,000</b> | <b>1,10,00,000</b> | <b>1,28,85,000</b> |

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

# Resigned with effect from July 19, 2016

Remuneration paid to Managing Director(s) for the year ended December 31, 2016

| Name                   | Ashu Suyash  |
|------------------------|--------------|
| Salary*                | 2,86,02,850  |
| Variable Pay           | 2,12,55,000  |
| Provident Fund         | 15,37,200    |
| Perquisites            | 39,600       |
| Appointment valid till | May 31, 2020 |
| Notice period          | 3 months     |

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

Besides the above, any pecuniary transaction, if so undertaken between a Director and the Company in the ordinary course of business is reflected in the Related Party disclosure in the notes to Financial Statements.

## B. Board Committees

The Board has constituted committees consisting of Executive and Non-Executive Directors to focus on the critical functions of the Company.

As on December 31, 2016 the Company had the following committees:

1. Audit Committee
2. Investment Committee
3. Nomination and Remuneration Committee
4. Stakeholders' Relationship Committee
5. Corporate Social Responsibility Committee

Each of the Committees has the authority to engage outside experts, advisors, and counsels to the extent it considers appropriate to assist in its function. Minutes of proceedings of Committee meetings are circulated to the Directors and placed before the Board Meeting for noting thereat.

### 1. Audit Committee

The Audit Committee of the Company is constituted in line with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of the Securities and Exchange Board

of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee comprises four Non-Executive Directors who are well-versed with financial matters and corporate laws. The Audit Committee met four times in 2016 — on February 8, April 18, July 18 and October 14. The necessary quorum was present for all the meetings. The Chairman of the Audit Committee was present at the

last Annual General Meeting of the Company held on April 19, 2016. Consequent to the changes in the composition of the Board of Directors of the Company, the Committee was reconstituted by the Board of Directors with effect from July 19, 2016. The composition of the Committee during 2016 and the details of meetings held and attended by the Directors are as under:

| Name                     | Category                   | Position            | Number of meetings during the year 2016 |                            |
|--------------------------|----------------------------|---------------------|---|----------------------------|
|                          |                            |                     | Held during the tenure                  | Attended out of those held |
| Mr. M. Damodaran         | Independent, Non-Executive | Chairman            | 4                                       | 4                          |
| Mr. H. N. Sinor          | Independent, Non-Executive | Member              | 4                                       | 3                          |
| Dr. Nachiket Mor         | Independent, Non-Executive | Member*             | 3                                       | 1                          |
| Mr. John F. Callahan Jr. | Non-Executive              | Member#             | 3                                       | 3                          |
| Ms. Vinita Bali          | Independent, Non-Executive | Member <sup>§</sup> | 1                                       | 1                          |
| Mr. John L. Berisford    | Non-Executive              | Member <sup>§</sup> | 1                                       | 1                          |

\* Dr. Nachiket Mor stepped down as a member of Audit Committee with effect from July 19, 2016

# Mr. John F. Callahan Jr. resigned as a Director with effect from July 19, 2016

§ Ms. Vinita Bali & Mr. John L. Berisford were appointed as a member of the Audit Committee with effect from July 19, 2016

The Audit Committee invites the executives of the Company, as it considers appropriate (particularly the head of the finance function), representatives of the Statutory Auditors and representatives of the Internal Auditors at its meetings.

#### Role of the Audit Committee

The terms of reference for the Audit Committee are broadly as under:

- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- 2) Recommending the appointment, remuneration and terms of appointment of auditors of the company
- 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors
- 4) Reviewing, with the management the annual financial statements and the auditor's report thereon, before submission to the board for approval, with particular reference to;
  - a. Matters required to be included in Director's Responsibility Statement included in Board's report
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries based on exercise of judgment by management
- d. Significant adjustments made in the financial statements arising out of audit findings
- e. Compliance with listing and other legal requirements relating to financial statements
- f. Disclosure of any related party transactions
- g. Qualifications in the draft audit report
- 5) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- 6) Reviewing, with the management, statement of uses and application of funds raised through an issue, statement of funds utilised for other purposes and report of monitoring agency
- 7) Review and monitor the auditors' independence and performance, and effectiveness of audit process
- 8) Approval or any subsequent modification of transactions of the company with related parties
- 9) Scrutiny of inter-corporate loans and investments
- 10) Valuation of undertakings or assets of the company, wherever it is necessary
- 11) Evaluation of internal financial controls and risk management systems
- 12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems

- 13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- 14) Discussion with internal auditors of any significant findings and follow up there on
- 15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board
- 16) Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern
- 17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors
- 18) To review the functioning of the Whistle Blower mechanism
- 19) Approval of appointment of CFO
- 20) To review report submitted by Monitoring Agency informing material deviations in the utilisation of issue proceeds and to make necessary recommendations to the Board, if, when and where applicable
- 21) Carrying out any other function as is mentioned in the terms of reference of the Audit committee

In line with its terms of reference, during 2016, the Audit Committee, at its each meeting reviewed the operations audit reports for businesses pursuant to audits undertaken by the Internal Auditors under the audit plan approved at the commencement of the year. The quarterly financial results were reviewed by the Committee before submission to the Board. Independent sessions were held with the Statutory and the Internal Auditors to assess the effectiveness of the audit processes. The Committee reviewed adequacy of Internal Financial Controls on a Company-wide basis and shared their recommendations on the internal control processes to the Board. The Committee reviewed the risk management process, effectiveness of the monitoring and review mechanism therefor within the Management Committee, key risks and their respective mitigation plans. On a quarterly basis, the Committee continues to review whistle blower complaints with the corrective actions and mitigating controls put in place therefor, material litigations/ notices and related party transactions.

## 2. Investment Committee

The Investment Committee lays down policy guidelines and procedures for investing the Company's funds, and reviews this activity at regular intervals. The Investment Committee met once during the year, on October 14, 2016. The necessary quorum was present for the meeting. Consequent to the changes in the composition of the Board of Directors of the Company, the Committee was reconstituted by the Board of Directors with effect from July 19, 2016. The details of meetings held and attended by the Directors are as under:

| Name                     | Category                   | Position             | Number of meetings during the year 2016 |                            |
|--------------------------|----------------------------|----------------------|---|----------------------------|
|                          |                            |                      | Held during the tenure                  | Attended out of those held |
| Ms. Vinita Bali          | Independent, Non-Executive | Chairperson          | 1                                       | 1                          |
| Mr. M. Damodaran         | Independent, Non-Executive | Member               | 1                                       | 1                          |
| Ms. Ashu Suyash          | Managing Director & CEO    | Member               | 1                                       | 1                          |
| Mr. John F. Callahan Jr. | Non-Executive              | Member <sup>#</sup>  | 0                                       | -                          |
| Ms. Martina Cheung       | Non-Executive              | Member <sup>\$</sup> | 1                                       | 1                          |

\$ Ms. Martina Cheung was appointed as a member of the Investment Committee with effect from July 19, 2016

# Mr. John F. Callahan Jr. stepped down as a member of the Investment Committee with effect from July 19, 2016

## 3. Nomination and Remuneration Committee (NRC)

The broad terms of reference of the Nomination and Remuneration Committee are:

- Periodically reviewing the size and composition of the Board to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills

- Formulate the criteria determining qualifications, positive attributes and independence of a Director and recommending candidates to the Board
- Establishing and reviewing Board and senior executive succession plans
- Evaluation of Board Performance

- Assist the Board in ensuring Board nomination process with the diversity of gender, thought, experience, knowledge and perspective in the Board
- Reviewing and making recommendations to the Board on:
  - the remuneration of the Managing Director, Whole-time Directors and KMPs
  - the total level of remuneration of Non-Executive Directors and for individual remuneration for Non-Executive Directors and the Chairman
  - the remuneration policies for all employees including base pay, incentive payments, equity awards, retirement rights and service contracts

The Nomination and Remuneration Committee met three times in 2016 - on February 9, October 13 and December 16. The necessary quorum was present for all the meetings. In terms of its mandate, during 2016, the Committee focussed on review of initiatives relating to talent acquisition & management, succession planning, employee engagement, leadership development, employee compensation and long term incentive plans. The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company held on April 19, 2016. The composition of the Committee during 2016 and the details of meetings held and attended by the Directors are as under:

| Name                    | Category                   | Position  | Number of meetings during the year 2016 |                            |
|-------------------------|----------------------------|-----------|---|----------------------------|
|                         |                            |           | Held during the tenure                  | Attended out of those held |
| Mr. H. N. Sinor         | Independent, Non-Executive | Chairman* | 3                                       | 3                          |
| Ms. Vinita Bali         | Independent, Non-Executive | Member*   | 3                                       | 3                          |
| Mr. Douglas L. Peterson | Non-Executive              | Member    | 3                                       | 3                          |

\* Mr. H. N. Sinor has stepped down as Chairman with effect from February 11, 2017 but continues as a member. Ms. Vinita Bali has assumed the Chairmanship of the Committee from the said date.

The Nomination and Remuneration Policy devised in accordance with Section 178(3) and (4) of the Companies Act, 2013 has been published elsewhere in this Report as an Annexure to the Directors Report. Further, the details of remuneration paid to all the directors and the other disclosures required to be made under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been published in the previous section of this Report titled "Board of Directors".

#### 4. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee periodically reviews the status of shareholders' grievances and redressal of the same. During 2016, the Committee's mandate was expanded to review of complaints from all stakeholders of the Company, including customers, employees and vendors/business partners. Through this process, the Committee reviews and steers improvements in relation service delivery, quality and other issues pertaining to other stakeholders as well. The Committee met four times in 2016 - on February 8, April 18, July 18 and October 13. The necessary quorum was present for all the meetings. The Chairman of the Committee was present at the last Annual General Meeting of the Company held on April 19, 2016. Consequent to the changes in the composition of the Board of Directors of the Company, the Committee was reconstituted by the Board of Directors with effect from July 19, 2016.

The composition of the Committee during 2016 and the details of meetings held and attended by the Directors are as under:

| Name                  | Category                   | Position            | Number of meetings during the year 2016 |                            |
|-----------------------|----------------------------|---------------------|---|----------------------------|
|                       |                            |                     | Held during the tenure                  | Attended out of those held |
| Mr. M. Damodaran      | Independent, Non-Executive | Chairman            | 4                                       | 4                          |
| Mr. Yann Le Pallec    | Non-Executive              | Member <sup>#</sup> | 3                                       | 1                          |
| Mr. John L. Berisford | Non-Executive              | Member <sup>§</sup> | 1                                       | 1                          |
| Ms. Ashu Suyash       | Managing Director & CEO    | Member              | 4                                       | 4                          |

<sup>#</sup> Mr. Yann Le Pallec resigned with effect from July 19, 2016.

<sup>§</sup> Mr. John L Berisford was appointed as a member of the Committee with effect from July 19, 2016.

The details of shareholders' complaints received and redressed during the year are given in Section D of the Report.

## 5. Corporate Social Responsibility Committee (CSRC)

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

- Formulate, monitor and recommend to the Board, the CSR Policy
- Recommend to the Board, modifications to the CSR policy as and when required
- Recommend to the Board, the amount of expenditure to be incurred on the activities undertaken
- Review the performance of the Company in the area of CSR including the evaluation of the impact of the Company's CSR activities

- Review the Company's disclosure of CSR matters
- Consider other functions, as defined by the Board, or as may be stipulated under any law, rule or regulation including the listing agreement, and the Companies Act, 2013

The Committee met twice in 2016 - on February 8 and July 19. The necessary quorum was present for both the meetings. Consequent to the changes in the composition of the Board of Directors of the Company, the Committee was reconstituted by the Board of Directors with effect from July 19, 2016. The composition of the Committee during 2016 and the details of meetings held and attended by the Directors are as under:

| Name             | Category                   | Position                 | Number of meetings during the year 2016 |                            |
|------------------|----------------------------|--------------------------|---|----------------------------|
|                  |                            |                          | Held during the tenure                  | Attended out of those held |
| Ms. Vinita Bali  | Independent, Non-Executive | Chairperson <sup>^</sup> | 2                                       | 2                          |
| Dr. Nachiket Mor | Independent, Non-Executive | Chairman*                | 2                                       | 0                          |
| Mr. H. N. Sinor  | Independent, Non-Executive | Member <sup>#</sup>      | 0                                       | 0                          |
| Ms. Ashu Suyash  | Managing Director & CEO    | Member                   | 2                                       | 2                          |

\* Dr. Nachiket Mor stepped down from the Committee with effect from July 19, 2016

<sup>^</sup> Ms. Vinita Bali was appointed as the Chairperson of the Committee with effect from July 19, 2016

<sup>#</sup> Mr. H.N.Sinor was appointed as a member of the Committee with effect from July 19, 2016

## 6. Meeting of Independent Directors

The Company's Independent Directors met on February 8, 2016, without the presence of the Managing Director & CEO, the Non-Executive, Non-Independent Directors and the Management Team. The meeting was conducted informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company.

## 7. Performance Evaluation

The Company has put in place a mechanism for performance evaluation of the Directors. The details of the same have been included in the Directors' Report.

## C. Shareholders

### Means of Communication

1. Quarterly and annual financial results are published in the leading national and regional newspapers, and displayed on the Company's website.
2. News releases, press releases and presentations made to investors and analysts, if any, are displayed on the Company's website.

3. The Annual Report is circulated to all members, and is also available on the Company's website.
4. Material developments relating to the Company that are potentially price sensitive in nature or which could impact continuity of publicly available information regarding the Company is disclosed to the Stock Exchanges in terms of the Company's Policy for Disclosure of Material Information.
5. The Company website contains information on the businesses of the Company, governance and important policies of the Company.

The Company encourages its shareholders to subscribe to e-communication from the Company and as a part of this initiative conducted a drive to update email ids of shareholders during December 2016. As a part of this initiative requisite depository forms for email updation with a reverse collection through a dedicated courier agency was organised so that shareholders could be facilitated in the updation process.

The Annual Report of the Company for the financial year 2016 has been emailed to the members whose email addresses are available with the depositories for communication purposes or are obtained directly from the members, as per Section 136

of the Companies Act, 2013 and Rule 11 of the Company (Accounts) Rules, 2014. For other members, who have not registered their email addresses, the Annual Report has been sent at their registered address. If any member wishes to get a duly printed copy of the Annual Report, the Company will send the same, free of cost, upon receipt of request from the member.

The Management Discussion and Analysis Report forms a part of the Annual Report.

In case of appointment or re-appointment of a Director, members are provided a brief resume of the Director, the

nature of his / her expertise in specific functional areas, the names of companies in which he / she holds directorship, and membership of committees of the Board.

#### Grievance Redressal

The Board has appointed Stakeholders' Relationship Committee to review and redress complaints received from shareholders. The Committee meets periodically to consider the status of the investor grievances received and redressed along with the ageing schedules of pending complaints.

**General Body Meetings:** The location, time and venue of the last three Annual General Meetings were as under:

| Nature of Meeting                     | Date and Time                | Venue  | Special resolutions passed |
|---------------------------------------|------------------------------|--|----------------------------|
| Twenty Seventh Annual General Meeting | April 17, 2014<br>at 3.30 pm | Rangaswar Hall, 4th floor,<br>Yashwantrao Chavan Pratishthan,<br>Gen. Jagannath Bhosale Marg,<br>Next to Sachivalaya Gymkhana,<br>Mumbai 400 021 | None                       |
| Twenty Eighth Annual General Meeting  | April 17, 2015<br>at 3.30 pm | Rangaswar Hall, 4th floor,<br>Yashwantrao Chavan Pratishthan,<br>Gen. Jagannath Bhosale Marg,<br>Next to Sachivalaya Gymkhana,<br>Mumbai 400 021 | None                       |
| Twenty Ninth Annual General Meeting   | April 19, 2016<br>at 3.30 pm | Rangaswar Hall, 4th floor,<br>Yashwantrao Chavan Pratishthan,<br>Gen. Jagannath Bhosale Marg,<br>Next to Sachivalaya Gymkhana,<br>Mumbai 400 021 | None                       |

#### Postal Ballot

During the financial year 2016, the Company did not pass any resolutions by postal ballot.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution through Postal Ballot.

#### Disclosures

During the year, there were no related party transactions which were materially significant and that could have a potential conflict with the interests of the Company at large. All related party transactions are mentioned in the notes to the accounts.

There was no non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchange or Securities and Exchange Board of India

(SEBI), or any statutory authority on any matter related to the capital markets during the last three years.

The Company has complied with all the mandatory requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has also complied with the following discretionary requirements specified in Part E of Schedule II in terms of Regulation 27(1):

- i. Modified opinion(s) in Audit Report: Company's financial statements have unmodified audit opinions.
- ii. Separate posts of Chairman and CEO: The positions of the Chairman and the CEO are separate.
- iii. Reporting of Internal Auditor: The Internal Auditors of the Company directly report to the Audit Committee.

## CRISIL Code of Conduct for Directors and Senior Management

The Board of Directors of CRISIL has adopted the Code of Conduct for Directors and Senior Management, which is available on the website of the Company at <http://www.crisil.com/investors/corporate-governance.html>. Affirmation regarding compliance of the Code of Conduct by the CEO of the Company has been published elsewhere in this Annual Report.

## Prohibition of Insider Trading

CRISIL has formulated a Code of Ethics and Personal Trading Policy for Directors and employees to comply with SEBI (Prohibition of Insider Trading) Regulations, 2015 (Regulations). This policy is framed adopting the standards set out in the Regulations to regulate, monitor, and report trading by its employees to achieve compliance with the said Regulations.

## Vigil Mechanism and Whistle-Blower Policy

The Company has a Whistle-Blower Policy for establishing a vigil mechanism for directors and employees to report genuine concerns regarding unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics policy. The said mechanism also provides for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. We affirm that no employee of the Company was denied access to the Audit Committee. The said Whistle-Blower Policy has been hosted on the website of the Company at <http://www.crisil.com/investors/corporate-governance.html>.

## Policy for determining 'material' subsidiaries

As required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has formulated a Policy for determining 'material' subsidiaries which has been put up on the website of the Company at <http://www.crisil.com/investors/corporate-governance.html>.

## Material unlisted subsidiary

The Company has two of its overseas unlisted subsidiary companies as material subsidiaries in terms of its policy on determination of material unlisted subsidiary companies. These are subject to special governance norms in terms of Securities

and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, minutes of the meetings of the Board of Directors of all subsidiary companies are placed before the Board of Directors of CRISIL Limited for their review and noting.

## Policy against Sexual and Workplace Harassment

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

The Company has put in place a 'Policy on redressal of Sexual Harassment' and a 'Policy on redressal of Workplace Harassment' as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act"). As per the policy, any employee may report his/her complaint to the Redressal Committee formed for this purpose or their manager or HR personnel. We affirm that adequate access was provided to any complainant who wished to register a complaint under the policy, during the year. During the year, 4 complaints were received, of which 3 were resolved and one was under investigation under the Policy for CRISIL Limited. However, a single Committee addresses the complaints received under the Sexual Harassment Act for CRISIL and its subsidiary companies. During the year, one complaint was received and was resolved by the Committee for one of the wholly owned subsidiary companies of the Company.

## Related Party Transactions Policy

As required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Related Party Transactions Policy which has been put up on the website of the Company at <http://www.crisil.com/investors/corporate-governance.html>.

## Record Management Policy

As required under Regulation 9 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company have approved the Policy for Preservation of Documents. The same has been implemented in the Company with effect from December 1, 2015.

## Policy for determining materiality of an event or information and for making disclosures to Stock Exchanges

As required under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company have approved the Policy for determining materiality of an event or information and for making disclosures to Stock Exchanges which is effective from December 1, 2015 and has been put up on the website of the Company at <http://www.crisil.com/investors/corporate-governance.html>.

The Board of Directors of the Company have authorised the Chief Financial Officer of the Company to determine materiality of an event or information and for making disclosures to Stock Exchanges under the said regulation.

## Code of practices and procedures for fair disclosure of unpublished price sensitive information

Pursuant to Regulation 8 in Chapter IV of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors of the Company, has a “CRISIL Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information”. The Code has also been hosted on the website of the Company, viz., [www.crisil.com](http://www.crisil.com).

## Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

As such, the Company is not exposed to any commodity price risk. The detailed discussion of the foreign exchange risk and Company's hedging activities is given in the Management Discussion & Analysis Report and the Notes to the Financial Statements.

## Unclaimed Equity Shares

Consequent to the sub-division of nominal value of the equity shares of the Company from Rs. 10/- per share to Re. 1 per share with effect from October 1, 2011 and in terms of Regulation 39 (4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule VI thereof, the Company has opened a demat account in the name and style “CRISIL Limited - Unclaimed Shares Suspense Account”. At the beginning of the

year, 41,000 equity shares belonging to 30 shareholders were lying in the account. During the year, one shareholder claimed 1,000 equity shares from the account, which were transferred to such shareholder after adequate verification. At the end of the year, i.e. as at December 31, 2016, 40,000 equity shares belonging to 29 shareholders were lying in the account. The voting rights on the outstanding unclaimed shares as on December 31, 2016 shall remain frozen till the rightful owner of such shares claims the shares by submission of the requisite documentary proof of their identity to the Company's Registrar & Share Transfer Agent, Karvy Computershare Private Limited.

In addition, the Ministry of Corporate Affairs (MCA) notified the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (“the Rules”), effective September 7, 2016 for transfer to the Investor Education and Protection Fund (IEPF), all shares in respect of which dividend has not been claimed by shareholders for seven consecutive years. The Company has already sent a specific communication to the concerned shareholders at their address registered with the Company, inter alia, providing the details of the shares entitled to such transfer and for taking appropriate action. Details of unclaimed dividend are also available on the Company's website [www.crisil.com](http://www.crisil.com). The Company is awaiting further directions on the transfer formalities from the MCA in terms of the Circular No. 05/23/2015 – IEPF dated December 7, 2016. In the meanwhile, concerned shareholders may approach our Registrar and Share Transfer Agent with necessary documents supporting their dividend claims.

## SEBI Complaints Redress System (SCORES)

SEBI administers a centralised web based complaints redress system (SCORES). It enables investors to lodge and follow up complaints and track the status of redressal online on the website [www.scores.gov.in](http://www.scores.gov.in). It also enables the market intermediaries and listed companies to receive the complaints from investors against them, redress such complaints and report redressal. All the activities starting from lodging of a complaint till its disposal are carried online in an automated environment and the status of every complaint can be viewed online at any time. The Company has registered itself on SCORES and endeavours to resolve all investor complaints received through SCORES or otherwise within 15 days of the receipt of the complaint. During the year, the Company received three investor complaints through SCORES, all of which were responded to within 15 days of their receipt.

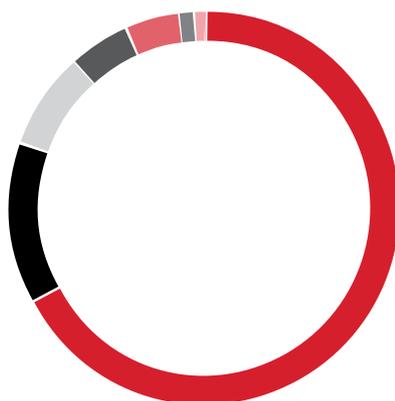
**D. General Shareholders Information:**

|   |   |
|---|---|
| <b>1. Annual General Meeting</b>  |   |
| Date and Time   | : April 20, 2017 at 3.30 p.m.   |
| Venue   | : Rangaswar Hall, 4th floor,<br>Yashwantrao Chavan Pratishthan,<br>Gen. Jagannath Bhosale Marg,<br>Next to Sachivalaya Gymkhana,<br>Mumbai 400 021  |
| <b>2. Calendar for Financial Reporting</b>  |   |
| First Quarter ending March 31, 2017   | : In April 2017   |
| Second Quarter ending June 30, 2017   | : In July 2017  |
| Third Quarter ending September 30, 2017   | : In October 2017   |
| Year ending December 31, 2017   | : In February 2018  |
| Newspapers where the results are published  | : Business Standard and Sakal   |
| Websites where the financial results, shareholding pattern, annual report etc. are uploaded | : www.crisil.com, www.bseindia.com and www.nseindia.com   |
| <b>3. Proposed Final and Special Dividend</b>   | : Final Dividend of Rs. 9 per share having nominal value of Re. 1 each  |
| <b>4. Dates of Book Closure</b>   | : Thursday, March 23, 2017 to Friday, March 24, 2017 (both days inclusive)  |
| <b>5. Dividend Payment Date</b>   | : Thursday, May 4, 2017 (if dividend payment is approved at the Annual General Meeting).  |
| <b>6. Listing Details</b>   | : The shares of the Company are listed on:<br><br><b>National Stock Exchange of India Ltd. (NSE)</b><br>Exchange Plaza, 5th Floor,<br>Plot No. C/1, G Block,<br>Bandra-Kurla Complex,<br>Bandra (E), Mumbai 400 051<br><br><b>BSE Ltd. (BSE)</b><br>P. J. Towers,<br>Dalal Street, Fort,<br>Mumbai 400 001<br><br>The Company has paid listing fees at both the exchanges and has complied with the listing requirements. |
| <b>7. Stock Codes</b>   | : NSE – CRISIL<br>BSE – 500092<br>ISIN : INE007A01025<br>CIN : L67120MH1987PLC042363  |
| <b>8. Registrars and Share Transfer Agents</b>  | : Karvy Computershare Private Limited<br>Unit : CRISIL Ltd.<br>Karvy Selenium Tower B, Plot 31-32,<br>Gachibowli Financial District,<br>Nanakramguda, Hyderabad 500032<br>Email : einward.ris@karvy.com<br>Phone : +91 40 6716 1500<br>Toll Free No. : 1-800-34-54-001<br>Fax : +91 40 6716 1567  |
| <b>9. Compliance Officer</b>  | : Ms. Minal Bhosale,<br>Company Secretary,<br>CRISIL House, Central Avenue,<br>Hiranandani Business Park,<br>Powai, Mumbai 400076<br>Phone: 022-3342 3000<br>Fax: 022-3342 3810   |

- 10. Depository System** : As on December 31, 2016, 99.80% of the Company's share capital is held in dematerialised form. For any assistance in converting physical shares in electronic form, investors may approach Karvy Computershare Private Limited or Ms. Minal Bhosale, Company Secretary, at the addresses given above.
- 11. Electronic Clearing Service (ECS)** : The Company has extended the ECS facility to shareholders to enable them to receive dividend through electronic mode in their bank account. The Company encourages members to avail of this facility as ECS provides adequate protection against fraudulent interception and encashment of dividend warrants, apart from eliminating loss / damage of dividend warrants in transit and correspondence with the Company on revalidation / issuance of duplicate dividend warrants.
- 12. Bank Details for Electronic Shareholding** : Members are requested to notify their Depository Participant (DP) about the changes in the bank details. Members are requested to furnish complete details of their bank accounts, including the MICR codes of their banks, to their DPs.
- 13. Furnish Copies of Permanent Account Number (PAN)** : The members are requested to furnish their PAN which will help us to strengthen compliance with KYC norms and provisions of Prevention of Money Laundering Act, 2002.  
For transfer of shares in physical form, SEBI has made it mandatory to the transferee to submit a copy of PAN card to the Company.
- 14. Investor Complaints to be addressed to** : Registrars and Share Transfer Agents or to Ms. Minal Bhosale, Company Secretary, at the above mentioned addresses.
- 15. Email ID of Grievance Redressal Division** : investors@crisil.com

**16. Category – wise Shareholding Pattern as on December 31, 2016**

| Sr. No.      | Category  | No. of shares      | % holding     |
|--------------|---|--------------------|---------------|
| 1            | Group holding of S & P Global, Inc:<br>- S & P India LLC<br>- Standard & Poor's International, LLC<br>- S & P Global Asian Holdings Pte. Ltd. | 4,78,32,539        | 67.05         |
| 2            | Individuals (includes trusts)   | 94,10,432          | 13.19         |
| 3            | FII's / QFI's / FPI's   | 53,51,068          | 7.50          |
| 4            | Insurance Companies   | 39,24,515          | 5.50          |
| 5            | Mutual Funds / UTI  | 33,86,482          | 4.75          |
| 6            | Financial Institutions / Banks  | 2,37,396           | 0.33          |
| 7            | Bodies Corporate  | 9,91,527           | 1.39          |
| 8            | NRIs  | 1,99,675           | 0.28          |
| 9            | Directors   | ---                | ---           |
| 10           | Clearing Members  | 1,724              | 0.00          |
| <b>TOTAL</b> |   | <b>7,13,35,358</b> | <b>100.00</b> |



|                               |  |
|-------------------------------|--|
| ■ S&P Global, Inc. - 67.05%   | ■ Bodies Corporate - 1.39%             |
| ■ Individuals - 13.19%        | ■ Financial Institutions/Banks - 0.33% |
| ■ FIIs/QFIs/FPIs - 7.50%      | ■ NRIs - 0.28%                         |
| ■ Insurance Companies - 5.50% | ■ Directors - 0.00%                    |
| ■ Mutual Funds/UTI - 4.75%    | ■ Clearing Members - 0.00%             |

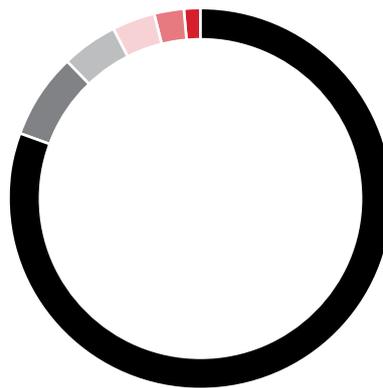
#### 17. Distribution of shareholding as on December 31, 2016

| Range of equity shares held | No. of shareholders | % to total no. of shareholders | No. of shares      | % to total no. of shares |
|-----------------------------|---------------------|--------------------------------|--------------------|--------------------------|
| 1 – 5,000                   | 20,272              | 98.74                          | 29,32,573          | 4.11                     |
| 5,001 – 10,000              | 88                  | 0.43                           | 6,51,424           | 0.91                     |
| 10,001 – 20,000             | 58                  | 0.28                           | 8,61,940           | 1.21                     |
| 20,001 – 30,000             | 18                  | 0.09                           | 4,40,547           | 0.62                     |
| 30,001 – 40,000             | 16                  | 0.08                           | 5,39,561           | 0.76                     |
| 40,001 - 50,000             | 9                   | 0.04                           | 4,08,125           | 0.57                     |
| 50,001 – 1,00,000           | 26                  | 0.13                           | 19,27,461          | 2.70                     |
| 1,00,000 and above          | 44                  | 0.21                           | 6,35,73,727        | 89.12                    |
| <b>Total</b>                | <b>20,531</b>       | <b>100.00</b>                  | <b>7,13,35,358</b> | <b>100.00</b>            |

#### 18. Members holding more than 1% of the paid-up share capital as on December 31, 2016

| Sr. No. | Name of the shareholder  | No. of shares | % holding |
|---------|--|---------------|-----------|
| 1       | Group holding of S&P Global, Inc. :<br>- S & P India LLC<br>- Standard & Poor's International LLC<br>- S&P Global Asian Holdings Pte. Ltd. | 4,78,32,539   | 67.05     |
| 2       | Jhunjhunwala Rakesh & Rekha  | 40,00,000     | 5.61      |
| 3       | General Insurance Corporation of India   | 27,00,000     | 3.78      |
| 4       | Matthews Funds - Various Funds   | 17,90,341     | 2.51      |
| 5       | Life Insurance Corporation of India  | 12,13,086     | 1.70      |
| 6       | Unit Trust of India  | 11,95,088     | 1.68      |

Number of Shares



- Group holding of S&P Global, Inc. - 67.05%
- Jhunjhunwala Rakesh and Rekha - 5.61%
- General Insurance Corporation of India - 3.78%
- Mathews Funds - 2.51%
- Unit Trust of India - 1.68%
- Life Insurance Corporation of India - 1.70%

**19. Status report on number of shareholder requests / complaints received and resolved by the Company during the year ended December 31, 2016**

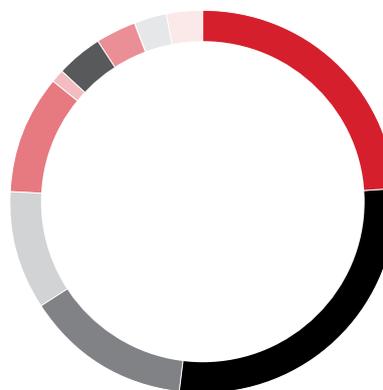
| Nature of Correspondence   | No. of cases received and resolved |
|--|------------------------------------|
| Non-receipt of dividend  | 46*                                |
| Non-receipt of shares  | 5                                  |
| Non-receipt of Annual Report   | 26                                 |
| Complaints received through SCORES/Stock Exchanges/Ministry of Corporate Affairs | 8                                  |
| ECS facility / Change in bank mandates   | 20                                 |
| Issue of duplicate drafts / revalidation of warrants                             | 19                                 |
| Dematerialisation / Rematerialisation  | 8                                  |
| Incorporation of change of address   | 2                                  |
| Transfer/Transposition   | 3                                  |
| Other requests/queries   | 54                                 |
| <b>TOTAL</b>   | <b>191</b>                         |

\*1 complaint received on December 30, 2016, since resolved.

There were no investor complaints outstanding at the beginning of the year.

The Company addressed all the investor complaints received during the year, except for one which was resolved in January.

Analysis of Investor Correspondence in 2016

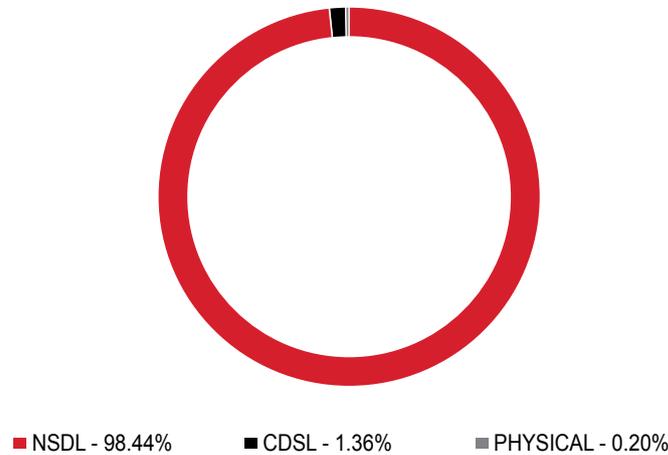


- Non-receipt of dividend - 46
- Other requests/queries - 54
- Non-receipt of Annual Report - 26
- Issue of duplicate drafts/revalidation of warrants - 19
- ECS facility/changes in bank mandates - 20
- Incorporation of change of address - 2
- Dematerialisation/Rematerialisation - 8
- Non-receipt of shares - 5
- Transfer/Transposition - 3
- Complaints received through SCORES/Stock Exchanges/Ministry of Corporate Affairs - 8

## 20. Shares held in Physical and Dematerialised form as on December 31, 2016

The break-up of physical and dematerialised shareholding as on December 31, 2016 is explained graphically below.

**Distribution of Holdings - Demat and Physical**



## 21. Equity history since sub – division of shares

| Date       | Particulars   | No. of shares | Cumulative no. of shares |
|------------|---|---------------|--------------------------|
| 01.10.2011 | No. of issued and fully paid up equity shares of face value Re. 1 each after stock split  | 7,09,68,440   | 7,09,68,440              |
| 04.01.2012 | Extinguishment of shares consequent to buy-back   | (-) 9,10,000  | 7,00,58,440              |
| 16.04.2012 | Allotment of shares to employees on exercise of options granted under Employee Stock Option Scheme, 2011  | (+) 1,09,950  | 7,01,68,390              |
| 17.10.2012 | Allotment of shares to employees on exercise of options granted under Employee Stock Option Scheme, 2011  | (+) 67,350    | 7,02,35,740              |
| 18.04.2013 | Allotment of shares to employees on exercise of options granted under Employee Stock Option Scheme, 2011  | (+) 2,70,730  | 7,05,06,470              |
| 18.10.2013 | Allotment of shares to employees on exercise of options granted under Employee Stock Option Scheme, 2011 and Employee Stock Option Scheme, 2012                                     | (+) 1,46,420  | 7,06,52,890              |
| 17.04.2014 | Allotment of shares to employees on exercise of options granted under Employee Stock Option Scheme, 2011 and Employee Stock Option Scheme, 2012                                     | (+) 3,09,140  | 7,09,62,030              |
| 17.10.2014 | Allotment of shares to employees on exercise of options granted under Employee Stock Option Scheme, 2011 and Employee Stock Option Scheme, 2012                                     | (+) 3,95,025  | 7,13,57,055              |
| 17.04.2015 | Allotment of shares to employees on exercise of options granted under Employee Stock Option Scheme, 2011 and Employee Stock Option Scheme, 2012                                     | (+) 93,465    | 7,14,50,520              |
| 16.07.2015 | Extinguishment of shares consequent to buy-back   | (-) 5,11,932  | 7,09,38,588              |
| 17.10.2015 | Allotment of shares to employees on exercise of options granted under Employee Stock Option Scheme, 2011, Employee Stock Option Scheme, 2012 and Employee Stock Option Scheme, 2014 | (+) 2,70,515  | 7,12,09,103              |
| 19.04.2016 | Allotment of shares to employees on exercise of options granted under Employee Stock Option Scheme, 2011 and Employee Stock Option Scheme, 2012                                     | (+) 67,575    | 7,12,76,678              |
| 14.10.2016 | Allotment of shares to employees on exercise of options granted under Employee Stock Option Scheme, 2011 and Employee Stock Option Scheme, 2012                                     | (+) 58,680    | 7,13,35,358              |

## 22. Dividend

**Dividend Policy:** CRISIL believes in maintaining a fair balance between cash retention and dividend distribution. Cash retention is required to finance acquisitions and future growth, and also as a means to meet any unforeseen contingency. During 2016, CRISIL updated its Dividend Policy specifying the financial parameters that will be considered when declaring dividends, Internal and external factors that would be considered for declaring dividends and the circumstances under which shareholders can or cannot expect a dividend. The Policy has been put up on the website of the Company at <http://www.crisil.com/investors/corporate-governance.html> and the same is also annexed herewith as Annexure I.

**Modes of payment of Dividend:** The Dividend is paid under two modes viz.,

- (a) Credit to the Bank account via Electronic Clearing Services (ECS) / National Electronic Clearing Services (NECS) / SWIFT Transfer and;
- (b) Dispatch of Physical dividend warrant

**Electronic Clearing Service (ECS/NECS):** The Company has extended the ECS/NECS facility to shareholders to enable them to receive dividend through electronic mode in their bank account. The Company encourages members to avail of this facility as ECS provides adequate protection against fraudulent interception and encashment of dividend warrants, apart from eliminating loss/damage of dividend warrants in transit and correspondence with the Company on revalidation/issuance of duplicate dividend warrants. Investors may obtain the ECS/NECS mandate form from the FAQs link (<http://www.crisil.com/investors/investor-faqs.html>) on Investors section of the Company's website, [www.crisil.com](http://www.crisil.com).

**Bank Details for Electronic Shareholding:** Members are requested to notify their Depository Participant (DP) about the changes in the bank details. Members are requested to furnish complete details of their bank accounts including the MICR codes of their banks to their DPs.

**Unclaimed Dividend:** Dividends that are not encashed or claimed, within seven years from the date of its transfer to the unpaid dividend account, will, in terms of the provisions of Section 124(5) of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund (IEPF) established by the Government. In respect of the transfers made after coming into effect of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, shareholders will be entitled to claim the dividend transferred from Investor Education and Protection Fund in accordance with such procedure and on submission of such documents as may be prescribed. The details of unclaimed dividend as on December 31, 2016 are as follows:

| Sr. No. | Dividend name   | Dividend per share (Rs.) | %     | Date of declaration / approval of dividend | Due date for transfer to IEPF |
|---------|---|--------------------------|-------|--|-------------------------------|
| 1       | Unclaimed Final Dividend 2009                                 | 25.00                    | 250%  | 16-Apr-2010                                | 17-May-2017                   |
| 2       | Unclaimed Special Dividend 2010 and 1st Interim Dividend 2010 | 125.00                   | 1250% | 16-Apr-2010                                | 17-May-2017                   |
| 3       | Unclaimed 2nd Interim Dividend 2010                           | 25.00                    | 250%  | 22-Jul-2010                                | 22-Aug-2017                   |
| 4       | Unclaimed 3rd Interim Dividend 2010                           | 25.00                    | 250%  | 18-Oct-2010                                | 18-Nov-2017                   |
| 5       | Unclaimed Final Dividend 2010                                 | 25.00                    | 250%  | 15-Apr-2011                                | 16-May-2018                   |
| 6       | Unclaimed 1st Interim Dividend 2011                           | 27.50                    | 275%  | 15-Apr-2011                                | 16-May-2018                   |
| 7       | Unclaimed 2nd Interim Dividend 2011                           | 27.50                    | 275%  | 20-Jul-2011                                | 20-Aug-2018                   |
| 8       | Unclaimed 3rd Interim Dividend 2011                           | 2.75                     | 275%  | 18-Oct-2011                                | 18-Nov-2018                   |
| 9       | Unclaimed Final Dividend 2011                                 | 2.75                     | 275%  | 16-Apr-2012                                | 18-May-2019                   |
| 10      | Unclaimed Special Dividend 2011 and 1st Interim Dividend 2012 | 6.00                     | 600%  | 16-Apr-2012                                | 18-May-2019                   |
| 11      | Unclaimed 2nd Interim Dividend 2012                           | 3.00                     | 300%  | 18-Jul-2012                                | 19-Aug-2019                   |
| 12      | Unclaimed 3rd Interim Dividend 2012                           | 3.00                     | 300%  | 17-Oct-2012                                | 18-Nov-2019                   |
| 13      | Unclaimed Final Dividend 2012                                 | 4.00                     | 400%  | 18-Apr-2013                                | 19-May-2020                   |
| 14      | Unclaimed 1st Interim Dividend 2013                           | 3.00                     | 300%  | 18-Apr-2013                                | 19-May-2020                   |

|    |   |       |       |             |             |
|----|---|-------|-------|-------------|-------------|
| 15 | Unclaimed 2nd Interim Dividend 2013       | 3.00  | 300%  | 19-Jul-2013 | 19-Aug-2020 |
| 16 | Unclaimed 3rd Interim Dividend 2013       | 3.00  | 300%  | 18-Oct-2013 | 18-Nov-2020 |
| 17 | Unclaimed Final and Special Dividend 2013 | 10.00 | 1000% | 17-Apr-14   | 18-May-2021 |
| 18 | Unclaimed 1st Interim Dividend 2014       | 3.00  | 300%  | 17-Apr-14   | 18-May-2021 |
| 19 | Unclaimed 2nd Interim Dividend 2014       | 3.00  | 300%  | 18-Jul-2014 | 18-Aug-2021 |
| 20 | Unclaimed 3rd Interim Dividend 2014       | 4.00  | 400%  | 17-Oct-2014 | 17-Nov-2021 |
| 21 | Unclaimed Final & Special Dividend 2014   | 10.00 | 1000% | 17-Apr-15   | 18-May-2022 |
| 22 | Unclaimed 1st Interim Dividend 2015       | 4.00  | 400%  | 17-Apr-15   | 18-May-2022 |
| 23 | Unclaimed 2nd Interim Dividend 2015       | 4.00  | 400%  | 17-Jul-15   | 17-Aug-2022 |
| 24 | Unclaimed 3rd Interim Dividend 2015       | 5.00  | 500%  | 17-Oct-15   | 17-Nov-2022 |
| 25 | Unclaimed Final & Special Dividend 2015   | 10.00 | 1000% | 19-Apr-16   | 20-May-2023 |
| 26 | Unclaimed 1st Interim Dividend 2016       | 5.00  | 500%  | 19-Apr-16   | 20-May-2023 |
| 27 | Unclaimed 2nd Interim Dividend 2016       | 6.00  | 600%  | 19-Jul-16   | 19-Aug-2023 |
| 28 | Unclaimed 3rd Interim Dividend 2016       | 7.00  | 700%  | 14-Oct-2016 | 14-Nov-2023 |

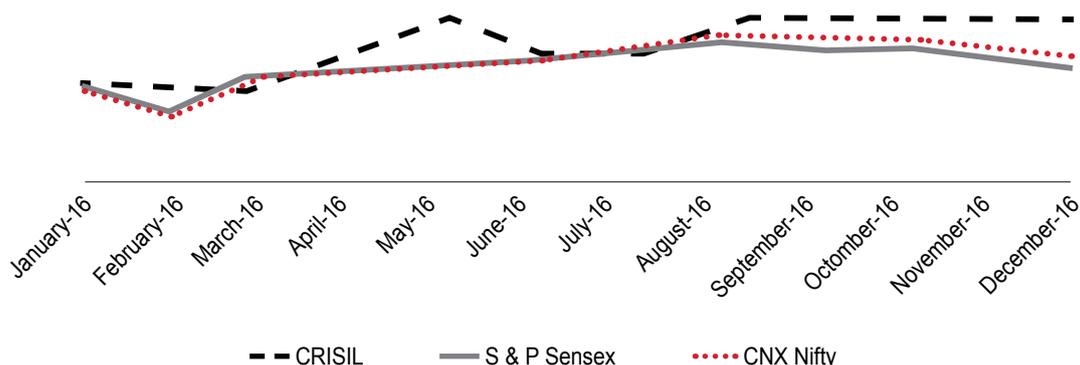
Notes:

- Investors are requested to send in their claim at least 15 days prior to due date for transfer to IEPF for ensuring payment of their dividend.
- The stock was split from Face Value Rs. 10 to Face Value Re. 1 with effect from October 1, 2011. Hence, dividend declared after that date is on share of face value Re 1 each.

**23. Stock price and movement of the Company’s shares on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) for the period from January 2016 to December 2016:**

| NSE       |            |           | BSE       |            |           |
|-----------|------------|-----------|-----------|------------|-----------|
| Month     | High (Rs.) | Low (Rs.) | Month     | High (Rs.) | Low (Rs.) |
| January   | 1,999.00   | 1,761.25  | January   | 1,997.00   | 1,760.00  |
| February  | 1,916.00   | 1,771.05  | February  | 1,908.00   | 1,764.70  |
| March     | 1,820.00   | 1,770.00  | March     | 1,829.95   | 1,750.00  |
| April     | 2,244.40   | 1,767.15  | April     | 2,244.40   | 1,774.00  |
| May       | 2,246.00   | 1,943.00  | May       | 2,243.00   | 1,948.35  |
| June      | 2,314.70   | 1,811.55  | June      | 2,307.00   | 1,932.55  |
| July      | 2,120.00   | 1,982.25  | July      | 2,115.50   | 1,985.00  |
| August    | 2,235.00   | 2,011.05  | August    | 2,240.00   | 2,001.00  |
| September | 2,272.00   | 2,105.65  | September | 2,266.55   | 2,109.55  |
| October   | 2,500.00   | 2,178.00  | October   | 2,490.00   | 2,180.00  |
| November  | 2,334.90   | 2,061.90  | November  | 2,325.00   | 2,073.90  |
| December  | 2,299.00   | 2,131.20  | December  | 2,292.00   | 2,140.00  |

**Price movement of CRISIL shares in 2016 on NSE and BSE vis-a-vis movement of CNX Nifty and S&P Sensex**



## 24. Shareholders Rights

A shareholder in a Company enjoys certain rights, which are as follows:

- To receive share certificates, on allotment or transfer as the case may be, in due time.
- To receive copies of the Annual Report, Balance Sheet and Profit and Loss Account and the Auditor's Report.
- To participate and vote in General Meetings either personally or through proxies.
- To receive dividends in due time, once approved in General Meetings or Board Meetings.
- To receive corporate benefits like rights, bonus etc. once approved.
- To apply to the National Company Law Tribunal to call or direct the Annual General Meeting.
- To inspect the minute books of the General Meetings and to receive copies thereof.
- To proceed against the Company by way of civil or criminal proceedings.
- To apply for the winding-up of the Company.
- To receive the residual proceeds.
- Other rights are as specified in the Memorandum and Articles of Association available on the website, <http://www.crisil.com/investors/investor-downloads.html>.

Apart from the above rights, the shareholders also enjoy the following rights as a group:

- To appoint the Directors and Auditors of the Company.
- To requisition an Extraordinary General Meeting.
- To apply to the National Company Law Tribunal to investigate the affairs of the Company.
- To apply to the National Company Law Tribunal for relief in cases of oppression and / or mismanagement.

The above-mentioned rights may not necessarily be absolute.

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

**Douglas L. Peterson**

Chairman

(DIN: 05102955)

Mumbai, February 11, 2017

# Annexure I to Corporate Governance Report

## Dividend Policy

Policy for determining 'Dividend Pay-out' to shareholders

### 1. Purpose and scope

The purpose of this policy is to broadly specify external and internal factors including, financial parameters that will be considered when declaring a dividend, and the circumstances under which the shareholders of the Company may or may not expect a dividend. The Board of Directors will refer to the policy when declaring/ recommending dividends on behalf of the Company.

The policy has been framed broadly in line with the provisions of the Companies Act and also taking into consideration the guidelines issued by the Securities and Exchange Board of India to the extent applicable.

### 2. Decision framework

- i. The circumstances under which shareholders can or cannot expect a dividend:

The Company has been consistently paying out dividends to shareholders and can be reasonably expected to continue declaring more than 50% of standalone profit after tax in future unless the Company is constrained by insufficient profits or if any internal or external factor or financial parameter indicated below becomes adverse or if there is any likely requirement for business expansion or acquisition as determined by the Board

- ii. The financial parameters that will be considered when declaring dividends:

- a. Profit after tax
- b. Positive cash flow after taking into consideration future business needs
- c. Debt/EBITDA

- iii. Internal and external factors that would be considered for declaring dividends:

- a. Business environment and trends in capital markets
  - b. Statutory regulations and guidelines
  - c. Profit earned during the year
  - d. Net worth
  - e. Company's need for growth capital
  - f. Working capital requirements and contingency plan
  - g. Any other factor as deemed fit by the Board
- iv. Utilisation of retained earnings shall be towards:
- a. Business expansion and growth
  - b. Acquisition
  - c. Working capital requirements and contingencies
- v. Provision with regard to various classes of shares:

Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. The policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof

The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit.

### 3. Policy review

This policy shall be reviewed by the Board as and when any changes are to be incorporated owing to changes in regulations or as may be felt appropriate by the Board. Any changes or modification in policy would be put up for approval of the Board of Directors.

This policy is dated October 14, 2016.