

NOTICE

NOTICE is hereby given that the Second Annual General Meeting of the members of CRISIL Ratings Limited will be held on Wednesday, April 14, 2021 at 2.45 pm through Video Conferencing (VC) and or other audio visual means (OAVM), without the in-person presence of shareholders to transact the following business:

In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) by way of circulars dated April 8, 2020, April 13, 2020, May 5, 2020 and January 13, 2021 (hereinafter referred to as “Circular”) permitted companies to hold their general meetings through video conferencing (VC) or other audio visual means (OAVM) for the year 2020. In keeping with government advisories on Covid-19 and considering the current extra-ordinary circumstances, which are not conducive to a safe conduct of the AGM with physical attendance of stakeholders, the Board of Directors has approved conduct of the 2nd Annual General Meeting through Video Conferencing and other audio visual means (OAVM) (hereinafter referred to as “VC/OAVM”)

Ordinary Business:

1. Adoption of Financial Statements

To receive, consider and adopt the audited financial statements of the Company for the nine months ended December 31, 2020, together with the Report of the Board of Directors and Auditors thereon.

2. Re-appointment of Ms. Holly Kulka

To appoint director in place of Ms. Holly Kulka (Director Identification Number 08812990), who retires by rotation and, being eligible, seeks re-appointment.

Special Business:

3. Appointment of Ms. Shyamala Gopinath as an Independent Director of the Company

To consider, and if thought fit, to pass the following resolution, with or without modification(s), as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Ms. Shyamala Gopinath (DIN 02362921), a Non-Executive Director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act, and who is

eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from January 22, 2021, up to January 21, 2021.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary for obtaining any approvals - statutory, contractual, or otherwise in relation to the above and to do all the acts, deeds, matters and things which are necessary, proper, expedient and incidental for giving effect to this resolution.”

By order of the Board,
For CRISIL Ratings Limited

Hiresh Dhakan
Company Secretary
(ACS 24568)

Mumbai, February 9, 2021

NOTES:

FOR JOINING THE AGM THROUGH VC/OAVM:

1. The detailed procedure for participating in the AGM through VC/OAVM is as under:

- i. Members will be provided with a facility to attend the AGM through Audio-visual means.
- ii. The Meeting shall be conducted over zoom for which members would require to login to their Zoom Accounts and enter the below credentials.:

Meeting URL:

Meeting ID:

Password:

iii. Members can participate in the AGM through smart phone/laptop, however, for better experience and smooth participation, members are advised to join through a laptop connected through broadband. Please note that members connecting from mobile devices or tablets or through laptops etc connected via mobile hotspot, may experience audio/video loss due to network fluctuation. It is therefore recommended to use a stable Wi-Fi or LAN connection.

iv. For convenience of the members and proper conduct of AGM, members can login and join the AGM 15 minutes before the time scheduled for the AGM. Access will be open throughout the proceedings of AGM as well.

v. Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

vi. Members who need assistance before or during the AGM with use of technology, may contact our IT team at helpdeskcentral@crisil.com

2. Corporate Members are requested to send a scanned copy of a duly certified Board Resolution authorising their representative(s) to the Company, at hiresh.dhakan@crisil.com for participating at the AGM.

3. As physical attendance of the members is dispensed with by law for VC/OAVM facilitated AGMs, the facility of appointment of proxies by members will not be available for the Meeting.

4. Since the AGM will be held through VC/OAVM means, the Route Map is not annexed in this Notice. The Registered Office of the Company will be deemed to be the venue of the AGM

VOTING INSTRUCTIONS

5. All members shall convey their votes by show of hands to the aforesaid resolutions as and when they are taken up at the Annual General Meeting

GENERAL INSTRUCTIONS

6. Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under Section 189 of the Companies Act, 2013 will be available for inspection at the request of shareholders for which an email has to be send to hiresh.dhakan@crisil.com up to the date of this Annual General Meeting i.e. April 14, 2021.

7. The Statement setting out the details relating to the Special Business to be transacted at the Annual General Meeting pursuant to Section 102 of the Companies Act is annexed hereto. All the documents referred to in the Notice and Explanatory Statement will be available for inspection by the Members. For this purpose an email has to be send to hiresh.dhakan@crisil.com up to the date of this Annual General Meeting i.e. April 14, 2021.

8. Pursuant to Secretarial Standard-2, the following information is furnished about the Directors proposed to be appointed / re-appointed:

Brief Profile of Directors

1. Ms. Holly Kulka

Ms. Holly Kulka (age 57 years) is Global Chief Risk and Compliance Officer for S&P Global Ratings. Based in New York, she leads our globally integrated risk and compliance teams, including the criteria and model validation groups. Ms Kulka's group works with senior leadership to ensure compliance with all relevant laws and regulations, as well as with internal policies and industry best practices. She is a member of S&P Global Ratings' Executive Committee.

Previously, Ms. Kulka served as Executive Vice President, Deputy General Counsel for Intercontinental Exchange Inc., which acquired NYSE Euronext. As a member of the executive

leadership team, she was responsible for regulatory strategy, litigation, investigations, antitrust, insurance, privacy and human resource legal matters. Before that, she was a partner at the law firm of Heller Ehrman LLP, representing and advising companies and individuals in state and federal commercial and regulatory investigations, corporate governance questions and litigations through trial. Earlier in her career, Ms. Kulka was a federal prosecutor.

Ms. Kulka holds a J.D. from the University of Chicago Law School and a B.A. from Williams College. She is admitted to the bars in New York, New Jersey, California and Washington, D.C.

Ms. Kulka is a member of the Nomination & Remuneration Committee of the Company and the Ratings Sub-Committee of the Board. She is not a director of any other Indian company.

She does not hold any share in the Company and is not related to any Director or Key Managerial Personnel of the Company in any way. Ms. Kulka will not be paid any remuneration other than sitting fee for attending meetings of the Board and Committees thereof of which she is a member/Chairman or commission which may be approved by the Board of Directors and/or the Nomination and Remuneration Committee of the Board.

Ms. Holly Kulka attended the meeting of Board of Directors held on September 22, 2020, December 22, 2020 and February 9, 2021.

None of the Directors and Key Managerial Personnel of the Company or their relatives, except Ms. Holly Kulka, is in any way, interested or concerned in this Resolution.

2. Ms. Shyamala Gopinath

Ms. Shyamala Gopinath, (age 71 years) was appointed on the Board of CRISIL Ratings Limited as an additional director, in the capacity of Independent, Non-Executive Director of the Company with effect from January 22, 2021.

Ms. Shyamala Gopinath has 41 years of rich experience in financial sector policy formulation in different capacities at Reserve Bank of India (RBI). At RBI, she held key positions and guided & influenced national policies in diverse areas of financial sector regulation and supervision, the development and regulation of financial markets, capital account management, management of government borrowings, foreign exchange reserve management and payment and settlement systems. She has served on several committees while with RBI. During 2001 to 2003, she was deputed as Senior Financial Expert at the International Monetary Fund. Ms. Gopinath retired as Deputy Governor of RBI, a position that she held for nearly 7 years. She served as Chairperson Advisory Board on Bank, Commercial and Financial Frauds for two years from 2012 to 2014.

Ms. Gopinath was also the Chairperson of the Board of Corporate Bonds and Securitisation Advisory Committee of SEBI.

Since 2012, Ms Gopinath has held several Board positions in large corporates and public sector

undertakings such as Clearing Corporation of India, Indian Oil Corporation Limited, GAIL and Ernst & Young (Global Governance Council) and has also served as a part-time Non-Executive Chairperson of HDFC Bank Ltd. Presently, Ms. Gopinath serves as Independent Director on the Boards of other renowned companies. She is a Chairperson of the Board of Governors of Indian Institute of Management, Raipur.

Ms. Gopinath is a Certified Associate of the Indian Institute of Banking and Finance and holds a master's degree in commerce from University of Mysore.

Ms. Shyamala Gopinath is an Independent Director and also member of the Risk Management Committee of the Board of Directors of CRISIL Limited. Ms. Shyamala Gopinath is a director in CRISIL Limited, Colgate-Palmolive (India) Limited, BASF India Limited, Tata Elxsi Limited, CMS Info Systems Limited, NDDDB Dairy Services and Grassroot Trading Network For Women.

The details of Mr. Shyamala's directorships and Committee memberships is as follows:

| Sr. No. | Name of the Company | Committee memberships |
|----------------|------------------------------|---|
| 1 | Colgate-Palmolive India Ltd. | Audit Committee (Chairperson) |
| 2 | Colgate-Palmolive India Ltd. | Stakeholders Relationship Committee (Chairperson) |
| 3 | Colgate-Palmolive India Ltd. | Risk Management Committee (Member) |
| 4 | BASF India Ltd. | Audit Committee (Chairperson) |
| 5 | BASF India Ltd. | Nomination and remuneration committee (Member) |
| 6 | BASF India Ltd. | Stakeholders Relationship Committee (Chairperson) |
| 7 | BASF India Ltd. | Risk Management Committee (Member) |
| 8 | TATA Elxsi Ltd. | Audit Committee (Chairperson) |
| 9 | TATA Elxsi Ltd. | Nomination and remuneration committee (Chairperson) |
| 10 | TATA Elxsi Ltd. | Corporate Social Responsibility Committee (Member) |
| 11 | CRISIL Limited | Risk Management Committee (Member) |

Ms. Shyamala Gopinath will not be paid any remuneration other than sitting fee for attending meetings of the Board and Committees thereof of which she is a member/Chairperson or commission which may be approved by the Board of Directors and/or the Nomination and Remuneration Committee of the Board.

Ms. Shyamala Gopinath, attended the meeting of Board of Directors held on February 9, 2021.

She does not hold any share in the Company and is not related to any Director or Key Managerial Personnel of the Company in any way.

Explanatory statement under Section 102 of the Companies Act, 2013:

Item 3:

The Board of Directors of the Company, pursuant to the recommendations of the Nomination and Remuneration Committee, has appointed Ms. Shyamala Gopinath (DIN: 02362921) as an additional Director (Independent and Non-Executive) on the Board of Directors of the Company, on January 22, 2021, in terms of Section 161 of the Companies Act, 2013. Ms. Shyamala Gopinath holds office up to the date of this Annual General Meeting pursuant to Section 161 of the Companies Act, 2013. The Company has received notice in writing from a Member under Section 160 of the Act, proposing her candidature for the office of Director of the Company.

A brief resume of Ms. Shyamala Gopinath and other details, as required to be given pursuant to Secretarial Standard - 2, has been given elsewhere in this Notice.

The Company has received a declaration from Ms. Shyamala Gopinath stating that she meets with the criteria of independence as prescribed under sub-section (6) of section 149 of the Companies Act, 2013.

Ms. Shyamala Gopinath will not be paid any remuneration other than sitting fee for attending meetings of the Board and Committees thereof of which she is a member/Chairperson or commission which may be approved by the Board of Directors and/or the Nomination and Remuneration Committee of the Board. She does not hold any share in the Company and is not related to any Director or Key Managerial Personnel of the Company in any way.

In the opinion of the Board, Ms. Shyamala Gopinath fulfils the conditions specified in the Act and rules made thereunder for her appointment as an Independent Director of the Company. She is not debarred from holding the office of director by virtue of any SEBI order and she is independent of the management.

Copy of the draft letter of appointment of Ms. Shyamala Gopinath is available for inspection at the Registered office of the Company and will also be available for inspection at the Annual General Meeting of the Company. The Board of Directors considers it in the interest of the Company to appoint Ms. Shyamala Gopinath as an Independent Director.

Considering Ms. Gopinath's deep expertise in the banking and financial services space as also governance experience with multinational and global boards, the Board of Directors considers it in the interest of the Company to appoint Ms. Shyamala Gopinath as an Independent Director and recommends the appointment for a term from January 22, 2021 up to January 21, 2026. Accordingly, the Board recommends the appointment of Ms. Shyamala Gopinath as an Independent Director of the Company.

None of the Directors and Key Managerial Personnel of the Company or their relatives, except Ms. Shyamala, is in any way, interested or concerned in this resolution. The Board recommends the resolution set forth in item No. 3 of the notice for approval of the members.

By order of the Board,
For CRISIL Ratings Limited

Hiresh Dhakan
Company Secretary
(ACS 24568)

Mumbai, February 9, 2021

FORM NO. MGT-7

[Pursuant to sub-Section(1) of section 92 of the Companies Act, 2013 and sub-rule (1) of rule 11of the Companies (Management and Administration) Rules, 2014]



सत्यमेव जयते

Annual Return

Form language English Hindi

Refer the instruction kit for filing the form.

I. REGISTRATION AND OTHER DETAILS

(i) * Corporate Identification Number (CIN) of the company

U67100MH2019PLC326247

Pre-fill

Global Location Number (GLN) of the company

* Permanent Account Number (PAN) of the company

AAICC2108G

(ii) (a) Name of the company

CRISIL RATINGS LIMITED

(b) Registered office address

CRISIL HOUSE, CENTRAL AVENUE
HIRANANDANI BUSINESS PARK, POWAI
MUMBAI
Mumbai City
Maharashtra
400076



(c) *e-mail ID of the company

minal.bhosale@crisil.com

(d) *Telephone number with STD code

+912233423000

(e) Website

(iii) Date of Incorporation

03/06/2019

| (iv) | Type of the Company | Category of the Company | Sub-category of the Company |
|------|---------------------|---------------------------|-------------------------------|
| | Public Company | Company limited by shares | Indian Non-Government company |

(v) Whether company is having share capital

Yes No

(vi) *Whether shares listed on recognized Stock Exchange(s)

Yes No

(b) CIN of the Registrar and Transfer Agent

Pre-fill

Name of the Registrar and Transfer Agent

Registered office address of the Registrar and Transfer Agents

(vii) *Financial year From date (DD/MM/YYYY) To date (DD/MM/YYYY)

(viii) *Whether Annual general meeting (AGM) held Yes No

(a) If yes, date of AGM

(b) Due date of AGM

(c) Whether any extension for AGM granted Yes No

(f) Specify the reasons for not holding the same

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

*Number of business activities

| S.No | Main Activity group code | Description of Main Activity group | Business Activity Code | Description of Business Activity | % of turnover of the company |
|------|--------------------------|------------------------------------|------------------------|----------------------------------|------------------------------|
| 1 | K | Financial and insurance Service | K8 | Other financial activities | 100 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (INCLUDING JOINT VENTURES)

*No. of Companies for which information is to be given

| S.No | Name of the company | CIN / FCRN | Holding/ Subsidiary/Associate/ Joint Venture | % of shares held |
|------|---------------------|-----------------------|--|------------------|
| 1 | CRISIL Limited | L67120MH1987PLC042363 | Holding | 100 |

IV. SHARE CAPITAL, DEBENTURES AND OTHER SECURITIES OF THE COMPANY

(i) *SHARE CAPITAL**(a) Equity share capital**

| Particulars | Authorised capital | Issued capital | Subscribed capital | Paid up capital |
|---|--------------------|----------------|--------------------|-----------------|
| Total number of equity shares | 300,000,000 | 261,000,000 | 261,000,000 | 261,000,000 |
| Total amount of equity shares (in Rupees) | 300,000,000 | 261,000,000 | 261,000,000 | 261,000,000 |

Number of classes

1

| Class of Shares | Authorised capital | Issued capital | Subscribed capital | Paid up capital |
|---|--------------------|----------------|--------------------|-----------------|
| Number of equity shares | 300,000,000 | 261,000,000 | 261,000,000 | 261,000,000 |
| Nominal value per share (in rupees) | 1 | 1 | 1 | 1 |
| Total amount of equity shares (in rupees) | 300,000,000 | 261,000,000 | 261,000,000 | 261,000,000 |

(b) Preference share capital

| Particulars | Authorised capital | Issued capital | Subscribed capital | Paid-up capital |
|---|--------------------|----------------|--------------------|-----------------|
| Total number of preference shares | 0 | 0 | 0 | 0 |
| Total amount of preference shares (in rupees) | 0 | 0 | 0 | 0 |

Number of classes

0

| Class of shares | Authorised capital | Issued capital | Subscribed capital | Paid up capital |
|---|--------------------|----------------|--------------------|-----------------|
| Number of preference shares | | | | |
| Nominal value per share (in rupees) | | | | |
| Total amount of preference shares (in rupees) | | | | |

(c) Unclassified share capital

| Particulars | Authorised Capital |
|-------------------------------------|--------------------|
| Total amount of unclassified shares | 0 |

(d) Break-up of paid-up share capital

| Class of shares | Number of shares | Total nominal amount | Total Paid-up amount | Total premium |
|------------------------------|------------------|----------------------|----------------------|---------------|
| Equity shares | | | | |
| At the beginning of the year | 251,000,000 | 251,000,000 | 251,000,000 | |

| | | | | |
|---|-------------|-------------|-------------|---|
| Increase during the year | 10,000,000 | 10,000,000 | 10,000,000 | 0 |
| i. Public Issues | 0 | 0 | 0 | 0 |
| ii. Rights issue | 10,000,000 | 10,000,000 | 10,000,000 | |
| iii. Bonus issue | 0 | 0 | 0 | 0 |
| iv. Private Placement/ Preferential allotment | 0 | 0 | 0 | 0 |
| v. ESOPs | 0 | 0 | 0 | 0 |
| vi. Sweat equity shares allotted | 0 | 0 | 0 | 0 |
| vii. Conversion of Preference share | 0 | 0 | 0 | 0 |
| viii. Conversion of Debentures | 0 | 0 | 0 | 0 |
| ix. GDRs/ADRs | 0 | 0 | 0 | 0 |
| x. Others, specify | | | | |
| | | | | |
| Decrease during the year | 0 | 0 | 0 | 0 |
| i. Buy-back of shares | 0 | 0 | 0 | 0 |
| ii. Shares forfeited | 0 | 0 | 0 | 0 |
| iii. Reduction of share capital | 0 | 0 | 0 | |
| iv. Others, specify | | | | |
| | | | | |
| At the end of the year | 261,000,000 | 261,000,000 | 261,000,000 | |
| Preference shares | | | | |
| At the beginning of the year | 0 | 0 | 0 | |
| Increase during the year | 0 | 0 | 0 | 0 |
| i. Issues of shares | 0 | 0 | 0 | 0 |
| ii. Re-issue of forfeited shares | 0 | 0 | 0 | 0 |
| iii. Others, specify | | | | |
| | | | | |
| Decrease during the year | 0 | 0 | 0 | 0 |
| i. Redemption of shares | 0 | 0 | 0 | 0 |

| | | | | |
|---------------------------------|---|---|---|---|
| ii. Shares forfeited | 0 | 0 | 0 | 0 |
| iii. Reduction of share capital | 0 | 0 | 0 | 0 |
| iv. Others, specify | | | | |
| | | | | |
| At the end of the year | 0 | 0 | 0 | |

(ii) Details of stock split/consolidation during the year (for each class of shares)

0

| Class of shares | | (i) | (ii) | (iii) |
|------------------------------|----------------------|-----|------|-------|
| Before split / Consolidation | Number of shares | | | |
| | Face value per share | | | |
| After split / Consolidation | Number of shares | | | |
| | Face value per share | | | |

(iii) Details of shares/Debentures Transfers since closure date of last financial year (or in the case of the first return at any time since the incorporation of the company) *

Nil

[Details being provided in a CD/Digital Media]

Yes No Not Applicable

Separate sheet attached for details of transfers

Yes No

Note: In case list of transfer exceeds 10, option for submission as a separate sheet attachment or submission in a CD/Digital Media may be shown.

| | | | |
|--|----------------------|--|----------------------|
| Date of the previous annual general meeting | <input type="text"/> | | |
| Date of registration of transfer (Date Month Year) | <input type="text"/> | | |
| Type of transfer | <input type="text"/> | 1 - Equity, 2- Preference Shares,3 - Debentures, 4 - Stock | |
| Number of Shares/ Debentures/ Units Transferred | <input type="text"/> | Amount per Share/ Debenture/Unit (in Rs.) | <input type="text"/> |
| Ledger Folio of Transferor | <input type="text"/> | | |

| | | | |
|----------------------------|----------------------|----------------------|----------------------|
| Transferor's Name | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| | Surname | middle name | first name |
| Ledger Folio of Transferee | <input type="text"/> | | |
| Transferee's Name | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| | Surname | middle name | first name |

| | |
|--|----------------------|
| Date of registration of transfer (Date Month Year) | <input type="text"/> |
|--|----------------------|

| | | |
|------------------|----------------------|---|
| Type of transfer | <input type="text"/> | 1 - Equity, 2- Preference Shares, 3 - Debentures, 4 - Stock |
|------------------|----------------------|---|

| | | | |
|--|----------------------|--|----------------------|
| Number of Shares/ Debentures/ Units Transferred | <input type="text"/> | Amount per Share/ Debenture/Unit (in Rs.) | <input type="text"/> |
|--|----------------------|--|----------------------|

| | |
|----------------------------|----------------------|
| Ledger Folio of Transferor | <input type="text"/> |
|----------------------------|----------------------|

| | | | |
|-------------------|----------------------|----------------------|----------------------|
| Transferor's Name | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| | Surname | middle name | first name |

| | |
|----------------------------|----------------------|
| Ledger Folio of Transferee | <input type="text"/> |
|----------------------------|----------------------|

| | | | |
|-------------------|----------------------|----------------------|----------------------|
| Transferee's Name | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| | Surname | middle name | first name |

(iv) *Indebtedness including debentures (Outstanding as at the end of financial year)

| Particulars | Number of units | Nominal value per unit | Total value |
|---|-----------------|------------------------|-------------|
| Non-convertible debentures | 0 | | 0 |
| Partly convertible debentures | 0 | | 0 |
| Fully convertible debentures | 0 | | 0 |
| Secured Loans (including interest outstanding/accrued but not due for payment) excluding deposits | | | 0 |
| Unsecured Loans (including interest outstanding/accrued but not due for payment) excluding deposits | | | 0 |
| Deposit | | | 0 |
| Total | | | 0 |

Details of debentures

| Class of debentures | Outstanding as at the beginning of the year | Increase during the year | Decrease during the year | Outstanding as at the end of the year |
|-------------------------------|---|--------------------------|--------------------------|---------------------------------------|
| Non-convertible debentures | 0 | 0 | 0 | 0 |
| Partly convertible debentures | 0 | 0 | 0 | 0 |
| Fully convertible debentures | 0 | 0 | 0 | 0 |

(v) Securities (other than shares and debentures)

0

| Type of Securities | Number of Securities | Nominal Value of each Unit | Total Nominal Value | Paid up Value of each Unit | Total Paid up Value |
|--------------------|----------------------|----------------------------|---------------------|----------------------------|---------------------|
| | | | | | |
| | | | | | |
| Total | | | | | |

V. *Turnover and net worth of the company (as defined in the Companies Act, 2013)**(i) Turnover**

2,597,725,000

(ii) Net worth of the Company

1,623,722,000

VI. (a) *SHARE HOLDING PATTERN - Promoters

| S. No. | Category | Equity | Preference |
|--------|----------|--------|------------|
|--------|----------|--------|------------|

| | | Number of shares | Percentage | Number of shares | Percentage |
|-----|---|------------------|------------|------------------|------------|
| 1. | Individual/Hindu Undivided Family | | | | |
| | (i) Indian | 0 | 0 | 0 | 0 |
| | (ii) Non-resident Indian (NRI) | 0 | 0 | 0 | 0 |
| | (iii) Foreign national (other than NRI) | 0 | 0 | 0 | 0 |
| 2. | Government | | | | |
| | (i) Central Government | 0 | 0 | 0 | 0 |
| | (ii) State Government | 0 | 0 | 0 | 0 |
| | (iii) Government companies | 0 | 0 | 0 | 0 |
| 3. | Insurance companies | 0 | 0 | 0 | 0 |
| 4. | Banks | 0 | 0 | 0 | 0 |
| 5. | Financial institutions | 0 | 0 | 0 | 0 |
| 6. | Foreign institutional investors | 0 | 0 | 0 | 0 |
| 7. | Mutual funds | 0 | 0 | 0 | 0 |
| 8. | Venture capital | 0 | 0 | 0 | 0 |
| 9. | Body corporate (not mentioned above) | 260,999,940 | 100 | 260,999,940 | 100 |
| 10. | Others | 0 | 0 | 0 | 0 |
| | Total | 260,999,940 | 100 | 260,999,940 | 100 |

Total number of shareholders (promoters)

1

(b) *SHARE HOLDING PATTERN - Public/Other than promoters

| S. No. | Category | Equity | | Preference | |
|--------|---|------------------|------------|------------------|------------|
| | | Number of shares | Percentage | Number of shares | Percentage |
| 1. | Individual/Hindu Undivided Family | | | | |
| | (i) Indian | 60 | 0 | 0 | 0 |
| | (ii) Non-resident Indian (NRI) | 0 | 0 | 0 | 0 |
| | (iii) Foreign national (other than NRI) | 0 | 0 | 0 | 0 |

| | | | | | |
|-----|---|----|---|---|---|
| 2. | Government | | | | |
| | (i) Central Government | 0 | 0 | 0 | 0 |
| | (ii) State Government | 0 | 0 | 0 | 0 |
| | (iii) Government companies | 0 | 0 | 0 | 0 |
| 3. | Insurance companies | 0 | 0 | 0 | 0 |
| 4. | Banks | 0 | 0 | 0 | 0 |
| 5. | Financial institutions | 0 | 0 | 0 | 0 |
| 6. | Foreign institutional investors | 0 | 0 | 0 | 0 |
| 7. | Mutual funds | 0 | 0 | 0 | 0 |
| 8. | Venture capital | 0 | 0 | 0 | 0 |
| 9. | Body corporate (not mentioned above) | 0 | 0 | 0 | 0 |
| 10. | Others | 0 | 0 | 0 | 0 |
| | Total | 60 | 0 | 0 | 0 |

Total number of shareholders (other than promoters)

6

**Total number of shareholders (Promoters+Public/
Other than promoters)**

7

**VII. *NUMBER OF PROMOTERS, MEMBERS, DEBENTURE HOLDERS
(Details, Promoters, Members (other than promoters), Debenture holders)**

| Details | At the beginning of the year | At the end of the year |
|-----------------------------------|------------------------------|------------------------|
| Promoters | 1 | 1 |
| Members (other than promoters) | 6 | 6 |
| Debenture holders | 0 | 0 |

VIII. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(A) *Composition of Board of Directors

| Category | Number of directors at the beginning of the year | | Number of directors at the end of the year | | Percentage of shares held by directors as at the end of year | |
|----------|--|---------------|--|---------------|--|---------------|
| | Executive | Non-executive | Executive | Non-executive | Executive | Non-executive |
| | | | | | | |

| | | | | | | |
|--|---|---|---|---|---|---|
| A. Promoter | 0 | 0 | 0 | 0 | 0 | 0 |
| B. Non-Promoter | 0 | 3 | 1 | 4 | 0 | 0 |
| (i) Non-Independent | 0 | 3 | 1 | 2 | 0 | 0 |
| (ii) Independent | 0 | 0 | 0 | 2 | 0 | 0 |
| C. Nominee Directors representing | 0 | 0 | 0 | 0 | 0 | 0 |
| (i) Banks & FIs | 0 | 0 | 0 | 0 | 0 | 0 |
| (ii) Investing institutions | 0 | 0 | 0 | 0 | 0 | 0 |
| (iii) Government | 0 | 0 | 0 | 0 | 0 | 0 |
| (iv) Small share holders | 0 | 0 | 0 | 0 | 0 | 0 |
| (v) Others | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 3 | 1 | 4 | 0 | 0 |

Number of Directors and Key managerial personnel (who is not director) as on the financial year end date

7

(B) (i) *Details of directors and Key managerial personnel as on the closure of financial year

| Name | DIN/PAN | Designation | Number of equity share(s) held | Date of cessation (after closure of financial year : If any) |
|-------------------|------------|-------------------|--------------------------------|--|
| MR. MBN RAO | 00287260 | Director | 0 | |
| MS. HOLLY KULKA | 08812990 | Director | 0 | |
| MR. DIWAKAR GUPTA | 01274552 | Director | 0 | |
| MR. JAMES WIEMKEN | 08888361 | Director | 0 | |
| MR.GURPREET SINGH | 08740541 | Managing Director | 0 | |
| MR.HIRESH DHAKAN | AMCPD9166G | Company Secretar | 10 | |
| MR.VENKATESH VISW | ABRPV7346J | CFO | 10 | |

(ii) Particulars of change in director(s) and Key managerial personnel during the year

10

| Name | DIN/PAN | Designation at the beginning / during the financial year | Date of appointment/ change in designation/ cessation | Nature of change (Appointment/ Change in designation/ Cessation) |
|--------------------------------|------------|--|---|--|
| MR. AMISH MEHTA | 00046254 | Director | 06/08/2020 | Cessation |
| MR. SANJAY CHAKRA ⁺ | 05246624 | Director | 06/08/2020 | Cessation |
| MR. ANUPAM KAURA | 07790067 | Director | 06/08/2020 | Cessation |
| MR. MBN RAO | 00287260 | Director | 05/08/2020 | Appointment |
| MS. HOLLY KULKA | 08812990 | Director | 05/08/2020 | Appointment |
| MR. DIWAKAR GUPTA | 01274552 | Director | 01/09/2020 | Appointment |
| MR. JAMES WIEMKEN | 08888361 | Director | 22/12/2020 | Appointment |
| MR.HIRESH DHAKAN | AMCPD9166G | Company Secretar | 29/04/2020 | Appointment |
| MR.GURPREET SINGH ⁺ | 08740541 | Managing Director | 08/05/2020 | Appointment |
| MR.VENKATESH VISW ⁺ | ABRPV7346J | CFO | 29/04/2020 | Appointment |

IX. MEETINGS OF MEMBERS/CLASS OF MEMBERS/BOARD/COMMITTEES OF THE BOARD OF DIRECTORS

A. MEMBERS/CLASS /REQUISITIONED/NCLT/COURT CONVENED MEETINGS

Number of meetings held

1

| Type of meeting | Date of meeting | Total Number of Members entitled to attend meeting | Attendance | |
|------------------------|-----------------|--|----------------------------|-------------------------|
| | | | Number of members attended | % of total shareholding |
| Annual General Meeting | 23/12/2020 | 7 | 6 | 100 |

B. BOARD MEETINGS

*Number of meetings held

3

| S. No. | Date of meeting | Total Number of directors associated as on the date of meeting | Attendance | |
|--------|-----------------|--|------------------------------|-----------------|
| | | | Number of directors attended | % of attendance |
| 1 | 29/04/2020 | 3 | 2 | 66.67 |
| 2 | 22/09/2020 | 4 | 4 | 100 |
| 3 | 22/12/2020 | 5 | 5 | 100 |

C. COMMITTEE MEETINGS

Number of meetings held

3

| S. No. | Type of meeting | Date of meeting | Total Number of Members as on the date of the meeting | Attendance | |
|--------|-----------------|-----------------|---|----------------------------|-----------------|
| | | | | Number of members attended | % of attendance |
| 1 | Nomination an | 21/12/2020 | 3 | 3 | 100 |
| 2 | Ratings Sub-C | 21/12/2020 | 3 | 3 | 100 |
| 3 | Corporate Soc | 22/12/2020 | 3 | 3 | 100 |

D. *ATTENDANCE OF DIRECTORS

| S. No. | Name of the director | Board Meetings | | | Committee Meetings | | | Whether attended AGM held on |
|--------|----------------------|--|-----------------------------|-----------------|--|-----------------------------|-----------------|------------------------------|
| | | Number of Meetings which director was entitled to attend | Number of Meetings attended | % of attendance | Number of Meetings which director was entitled to attend | Number of Meetings attended | % of attendance | |
| | | | | | | | | |
| 1 | MR. MBN RAO | 2 | 2 | 100 | 3 | 3 | 100 | |
| 2 | MS. HOLLY K | 2 | 2 | 100 | 2 | 2 | 100 | |
| 3 | MR. DIWAKAR | 2 | 2 | 100 | 3 | 3 | 100 | |
| 4 | MR. JAMES V | 1 | 1 | 100 | 1 | 1 | 100 | |
| 5 | MR.GURPREET | 2 | 2 | 100 | 1 | 1 | 100 | |

X. *REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Nil

Number of Managing Director, Whole-time Directors and/or Manager whose remuneration details to be entered

| S. No. | Name | Designation | Gross Salary | Commission | Stock Option/Sweat equity | Others | Total Amount |
|--------|-------|-------------|--------------|------------|---------------------------|--------|--------------|
| 1 | | | | | | | 0 |
| | Total | | | | | | |

Number of CEO, CFO and Company secretary whose remuneration details to be entered

| S. No. | Name | Designation | Gross Salary | Commission | Stock Option/Sweat equity | Others | Total Amount |
|--------|------|-------------|--------------|------------|---------------------------|--------|--------------|
| 1 | | | | | | | 0 |

| S. No. | Name | Designation | Gross Salary | Commission | Stock Option/ Sweat equity | Others | Total Amount |
|--------|-------|-------------|--------------|------------|-------------------------------|--------|-----------------|
| | Total | | | | | | |

Number of other directors whose remuneration details to be entered

| S. No. | Name | Designation | Gross Salary | Commission | Stock Option/ Sweat equity | Others | Total Amount |
|--------|-------|-------------|--------------|------------|-------------------------------|--------|-----------------|
| 1 | | | | | | | 0 |
| | Total | | | | | | |

XI. MATTERS RELATED TO CERTIFICATION OF COMPLIANCES AND DISCLOSURES

* A. Whether the company has made compliances and disclosures in respect of applicable provisions of the Companies Act, 2013 during the year Yes No

B. If No, give reasons/observations

XII. PENALTY AND PUNISHMENT - DETAILS THEREOF

(A) DETAILS OF PENALTIES / PUNISHMENT IMPOSED ON COMPANY/DIRECTORS /OFFICERS Nil

| Name of the company/ directors/ officers | Name of the court/ concerned Authority | Date of Order | Name of the Act and section under which penalised / punished | Details of penalty/ punishment | Details of appeal (if any) including present status |
|--|--|---------------|--|--------------------------------|---|
| | | | | | |

(B) DETAILS OF COMPOUNDING OF OFFENCES Nil

| Name of the company/ directors/ officers | Name of the court/ concerned Authority | Date of Order | Name of the Act and section under which offence committed | Particulars of offence | Amount of compounding (in Rupees) |
|--|--|---------------|---|------------------------|-----------------------------------|
| | | | | | |

XIII. Whether complete list of shareholders, debenture holders has been enclosed as an attachment

Yes No

XIV. COMPLIANCE OF SUB-SECTION (2) OF SECTION 92, IN CASE OF LISTED COMPANIES

In case of a listed company or a company having paid up share capital of Ten Crore rupees or more or turnover of Fifty Crore rupees or more, details of company secretary in whole time practice certifying the annual return in Form MGT-8.

Name

ASHITA KAUL

Whether associate or fellow

Associate Fellow

Certificate of practice number

6529

I/We certify that:

(a) The return states the facts, as they stood on the date of the closure of the financial year aforesaid correctly and adequately.

(b) Unless otherwise expressly stated to the contrary elsewhere in this Return, the Company has complied with all the provisions of the Act during the financial year.

Declaration

I am Authorised by the Board of Directors of the company vide resolution no. ... dated

(DD/MM/YYYY) to sign this form and declare that all the requirements of the Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. I further declare that:

1. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the company.
2. All the required attachments have been completely and legibly attached to this form.

Note: Attention is also drawn to the provisions of Section 447, section 448 and 449 of the Companies Act, 2013 which provide for punishment for fraud, punishment for false statement and punishment for false evidence respectively.

To be digitally signed by

Director

DIN of the director

08740541

To be digitally signed by

Company Secretary

Company secretary in practice

Membership number

24568

Certificate of practice number

Attachments

- 1. List of share holders, debenture holders
- 2. Approval letter for extension of AGM;
- 3. Copy of MGT-8;
- 4. Optional Attachment(s), if any

| |
|---------------|
| Attach |
| Attach |
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List of attachments

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| List of shareholders.pdf MGT 8 CRISIL RATINGS.pdf |
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This eForm has been taken on file maintained by the Registrar of Companies through electronic mode and on the basis of statement of correctness given by the company

CRISIL RATINGS LIMITED**List of shareholders as on December 31, 2020**

| Sr No | Name of Shareholder | No. of equity shares held (face value Re 1 each) |
|--------------|---|---|
| 1 | CRISIL Limited | 26,09,99,940 |
| 2 | Amish Mehta (as a nominee of CRISIL Limited) | 10 |
| 3 | Sanjay Chakravarti (as a nominee of CRISIL Limited) | 10 |
| 4 | Anupam Kaura (as a nominee of CRISIL Limited) | 10 |
| 5 | Venkatesh Viswanathan (as a nominee of CRISIL Limited) | 10 |
| 6 | Minal Bhosale (as a nominee of CRISIL Limited) | 10 |
| 7 | Hiresh Dhakan (as a nominee of CRISIL Limited) | 10 |
| TOTAL | | 26,10,00,000 |

CRISIL Ratings Limited

Corporate Identity Number: U67100MH2019PLC326247

Form No. MGT-8
[Pursuant to section 92(2) of the Companies Act, 2013 and rule 11(2) of Companies
(Management and Administration) Rules, 2014]

CERTIFICATE BY A COMPANY SECRETARY IN PRACTICE

We have examined the registers, records and books and papers of CRISIL RATINGS LIMITED (the Company) as required to be maintained under the Companies Act, 2013 (the Act) and the rules made thereunder for the nine months period ended on 31st December, 2020. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that:

- A. The Annual Return states the facts as at the close of the aforesaid nine months period ended on 31st December, 2020 correctly and adequately.
- B. During the aforesaid nine months period ended on 31st December, 2020, the Company has complied with provisions of the Act & Rules made there under in respect of:
 1. The status of the Company is active;
 2. The Company has maintained the registers/records & made entries therein within the time prescribed therefore;
 3. The Company has duly filed the forms and returns as stated in the annual return, with the Registrar of Companies, Regional Director, ~~Central Government~~, the Tribunal, ~~Court~~ or other authorities within the prescribed time,
 4. The Board of Directors duly met three times on, April 29, 2020, September 22, 2020 and December 22, 2020 as stated in the annual return, after giving due notice(s) to the board of directors of the company and the resolutions including circular resolution, if any, passed thereat were duly recorded in the Minutes Book maintained for the purpose and the same have been signed.

The Annual General Meeting was held on December 23, 2020 for the year ended March 31, 2020 at a shorter notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose and the same have been signed;

The Nomination and Remuneration Committee met once on December 21, 2020.

The CSR Committee met once on December 21, 2020.

The Ratings Sub- Committee met once on December 21, 2020.

5. Closure of Register of Members / Security holders, as the case may be;
6. The Company has not provided any advances/loans to its directors and/or persons or firms or companies referred in section 185 of the Act;
7. The Company has not entered into any contracts/arrangements with related parties as specified in section 188 of the Act;
8. The Company has issued and allotted 1,00,00,000 equity shares of Rs. 1 each by way of rights issue to its existing shareholder on 26.05.2020 and issued share certificates, however there are no instance of transfer or transmission or buy back of securities/redemption of preference shares or debentures/ alteration or reduction of share capital/ conversion of shares/ securities;
9. There were no transactions necessitating the Company keeping in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act;
10. The Company has not declared nor paid any dividend; the company is not required to transfer amount of unpaid/ unclaimed dividend/other amounts as applicable have been transferred to the Investor Education and Protection Fund in accordance with section 125 of the Act;
11. The Company has duly signed the audited financial statement as per the provisions of Section 134 of the Act and Report of Directors is as per sub - sections (3), (4) and (5) thereof;
12. The Board of directors of the Company is duly constituted; During the year under review below changes in Board/KMP has taken place:
 - a) Appointment of Mr. Gurpreet Singh Chhatwal (DIN: 08740541) as an Additional director of the Company with effect from May 08, 2020.
 - b) Appointment of Mr. Hires Dhakan (PAN:AMCPD9166G) as a Company Secretary (KMP) of the Company with effect from on April 29, 2020.
 - c) Appointment of Mr. Venkatesh Viswanathan (PAN: ABRPV7346J) as a CFO(KMP) of the Company with effect from on April 29, 2020.
 - d) Appointment of Mr. Diwakar Gupta (DIN: 01274552) as an Additional director of the Company with effect from September 01, 2020.
 - e) Cessation of Mr. Amish Pramodrai Mehta (DIN: 00046254) as a Director of the Company with effect from August 06, 2020.

- f) Cessation of Mr. Sanjay Chakravarti (DIN: 05246624) as a Director of the Company with effect from August 06, 2020.
 - g) Cessation of Mr. Anupam Mohinder Kaura (DIN: 07790067) as a Director of the Company with effect from August 06, 2020.
 - h) Appointment of Mr. Holly Kay Kulka (DIN: 08812990) as an Additional director of the Company with effect from August 05, 2020.
 - i) Appointment of Mr. BhaskaraMandavilliNageswara Rao (DIN: 00287260) as an Additional director of the Company with effect from August 05, 2020.
 - j) Appointment of Mr. James Michael Wiemken (DIN: 08888361) as an Additional director of the Company with effect from December 22, 2020.
13. The Company has duly appointed M/s. Walker Chandiook & Co. LLP, Chartered Accountants, as the first statutory auditor of the Company as per the provisions of Section 139 of the Act;
14. The Company has obtained approvals wherever necessary from ~~Central Government, Tribunal,~~ Regional Director, Registrar or such other authorities prescribed under the various provisions of the Act;
15. The Company has not accepted any public deposits;
16. The Company has not made any borrowings from its directors, members, public financial institutions, banks and others and creation/ modification/ satisfaction of charges in that respect, wherever applicable;
17. The Company has not given loans and made investments or provided guarantees or securities to other bodies corporate or persons falling under the provisions of section 186 of the Act;
18. The Company has not altered any provisions of Memorandum of Association and Articles of Association.

Place: Thane
Date:

UDIN:

For AshitaKaul & Associates
Practising Company Secretaries

Sd/-
Proprietor
FCS 6988/ CP 6529

CRISIL Ratings Limited

Financial Statements for the year ended December 31, 2020

Independent Auditor's Report

To the Members of CRISIL Ratings Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of CRISIL Ratings Limited ('the Company'), which comprise the Balance Sheet as at 31 December 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the period from 1 April 2020 to 31 December 2020, 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, the aforesaid financial statements give the information required by the Companies Act, 2013 ('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 state of affairs of the Company as at 31 December 2020, and its profit (including other comprehensive income), its cash flows and the changes in equity for the period from 1 April 2020 to 31 December 2020.

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 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 ('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 is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to Note 34 to the accompanying financial statements, which states that pursuant to the Scheme of Amalgamation entered between the Company and CRISIL Limited, as approved by the National Company Law Tribunal vide its order dated 8 June 2020, the ratings business of CRISIL Limited has been transferred to and merged with the Company, pursuant to SEBI (Credit Rating Agencies) Regulations, 1999 (as amended from time to time), which mandates the segregation of ratings and non-ratings businesses of Credit Rating Agencies and accounted for in accordance with the requirements of Appendix C to Ind AS 103, Business Combinations, applicable to common control business combinations. Accordingly, the comparative financial information in respect of the period from 3 June 2019 to 31 March 2020 has been restated as if the business combination occurred from that date. Our opinion is not modified in respect of the said matter.

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

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

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

6. The accompanying financial statements have been approved by the Company's Board of Directors. The 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
8. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the 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 financial statements.
10. 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 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 Company has adequate internal financial controls with reference to financial statements 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 Company's ability 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 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 Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. 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.

Report on Other Legal and Regulatory Requirements

12. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the period 1 April 2020 to 31 December 2020 in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
13. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
14. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, 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 accompanying financial statements;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2020 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 December 2020 in conjunction with our audit of the financial statements of the Company for the period from 1 April 2020 to 31 December 2020 and our report dated 9 February 2021 as per Annexure II expressed unmodified opinion; 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:

- i. the Company does not have any pending litigation which would impact its financial position as at 31 December 2020;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 December 2020;
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the period from 1 April 2020 to 31 December 2020; and
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

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

Sd/-

Manish Gujral

Partner

Membership No.: 105117

UDIN: 21105117AAAAAR9091

Place: Mumbai

Date: 9 February 2021

Annexure I to the Independent Auditor's Report of even date to the members of CRISIL Ratings Limited, on the financial statements for the period from 1 April 2020 to 31 December 2020

Annexure I

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - (b) All property, plant and equipment have not been physically verified by the management during the period, however, there is a regular program of verification once in 2 years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) The Company does not hold any immovable property (in the nature of 'property, plant and equipment'. Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the period-end for a period of more than six months from the date they become payable.
 - (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and goods and service tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture holders during the period. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the period. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

Annexure I to the Independent Auditor's Report of even date to the members of CRISIL Ratings Limited, on the financial statements for the period from 1 April 2020 to 31 December 2020

- (xi) Managerial remuneration has been paid / provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable Ind AS. Further, in our opinion, the Company is not required to constitute audit committee under Section 177 of the Act.
- (xiv) During the period from 1 April 2020 to 31 December 2020, the Company has made private placement of shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised. During the period from 1 April 2020 to 31 December 2020, the Company did not make preferential allotment / private placement of fully / partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Sd/-

Manish Gujral
Partner
Membership No.: 105117

UDIN: 21105117AAAAAR9091

Place: Mumbai
Date: 9 February 2021

Annexure II to the Independent Auditor's Report of even date to the members of CRISIL Ratings Limited on the financial statements for the period from 1 April 2020 to 31 December 2020

Annexure II

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

1. In conjunction with our audit of the financial statements of CRISIL Ratings Limited ("the Company") as at and for the period from 1 April 2020 to 31 December 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

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

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('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.

Auditors' Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements 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

Annexure II to the Independent Auditor's Report of even date to the members of CRISIL Ratings Limited on the financial statements for the period from 1 April 2020 to 31 December 2020

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 with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements to future periods are subject to the risk that internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 December 2020, based the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Sd/-

Manish Gujral
Partner
Membership No.: 105117

UDIN: 21105117AAAAAR9091

Place: Mumbai
Date: 9 February 2021

CRISIL Ratings Limited
Balance Sheet as at December 31, 2020

(Rupees in lakhs)

| Particulars | Notes | As at December 31, 2020 | As at March 31, 2020 Restated (Refer note 34) |
|--|-------|----------------------------|---|
| ASSETS | | | |
| 1. Non-current assets | | | |
| (a) Property, plant and equipment | 3 | 186.08 | 139.68 |
| (b) Intangible assets | 4 | - | 5.28 |
| (c) Intangible assets under development | | 317.99 | 220.62 |
| (d) Deferred tax assets (net) | 5 | 1,356.76 | 922.80 |
| (e) Other non-current assets | 6 | - | 11.85 |
| 2. Current assets | | | |
| (a) Financial assets | | | |
| i. Investments | 7 | 1,275.96 | - |
| ii. Trade receivables | 8 | 2,420.65 | 1,459.31 |
| iii. Cash and cash equivalents | 9 | 48.68 | 2,510.00 |
| iv. Loans | 10 | 34.67 | 60.58 |
| v. Other financial assets | 11 | 28,388.89 | 14,102.58 |
| (b) Other current assets | 12 | 48.95 | 94.83 |
| TOTAL ASSETS | | 34,078.63 | 19,527.53 |
| EQUITY AND LIABILITIES | | | |
| 1. Equity | | | |
| (a) Equity share capital | 13 | 2,610.00 | 2,510.00 |
| (b) Other equity | | 13,627.22 | 3,595.48 |
| 2. Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| i. Other financial liabilities | 14 | 163.01 | 103.87 |
| (b) Provisions | 15 | 233.80 | 73.04 |
| 3. Current liabilities | | | |
| (a) Financial liabilities | | | |
| i. Trade payables | | | |
| - total outstanding dues of micro enterprises and small enterprises; and | 16 | - | - |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | | 521.01 | 315.90 |
| ii. Other financial liabilities | 17 | 7,266.45 | 5,921.87 |
| (b) Provisions | 18 | 1,223.34 | 875.77 |
| (c) Tax liabilities | 19 | 97.94 | 109.75 |
| (d) Other current liabilities | 20 | 8,335.86 | 6,021.85 |
| TOTAL EQUITY AND LIABILITIES | | 34,078.63 | 19,527.53 |
| Summary of significant accounting policies | 2 | | |

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

This is the balance sheet referred to in our audit report of even date.

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

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

Sd/-
Manish Gujral
Partner
Membership No.: 105117

Sd/-
Gurpreet Singh Chhatwal
Managing Director
[DIN: 08740541]
Place: Mumbai

Sd/-
Holly Kay Kulka
Director
[DIN: 08812990]
Place: New York

Place: Mumbai
Date: February 9, 2021

Sd/-
Venkatesh Viswanathan
Chief Financial Officer
Place: Mumbai
Date: February 9, 2021

Sd/-
Hiresh Dhakan
Company Secretary
Place: Mumbai

CRISIL Ratings Limited
Statement of Profit and Loss for the nine months period ended December 31, 2020

(Rupees in lakhs)

| Particulars | Notes | Period from April 1, 2020 to December 31, 2020 | Period from June 3, 2019 to March 31, 2020 Restated (Refer note 34) |
|---|-------|--|--|
| Income | | | |
| Revenue from operations | 21 | 25,977.25 | 30,313.58 |
| Other income | 22 | 475.34 | 6.72 |
| Total | | 26,452.59 | 30,320.30 |
| Expenses | | | |
| Employee benefit expenses | 23 | 7,392.42 | 7,296.83 |
| Depreciation / amortization | 24 | 106.02 | 132.16 |
| Other expenses | 25 | 5,424.28 | 5,484.11 |
| Total | | 12,922.72 | 12,913.10 |
| Profit before tax | | 13,529.87 | 17,407.20 |
| Tax expense | | | |
| Current tax | 5 | 3,841.54 | 812.24 |
| Deferred tax (credit)/ charge | | (411.18) | 452.66 |
| Total tax expense | | 3,430.36 | 1,264.90 |
| Profit after tax for the period | | 10,099.51 | 16,142.30 |
| Other comprehensive expense/ (income) (OCI) | | | |
| A. Items that will not be reclassified to profit or loss | | | |
| Remeasurements of the defined benefit plans | | 90.56 | 9.39 |
| Tax effect on above | | (22.79) | (2.36) |
| Total other comprehensive (income)/ loss net of tax for the period | | 67.77 | 7.03 |
| Total comprehensive income for the period | | 10,031.74 | 16,135.27 |
| <u>Earnings per share : Nominal value of Rupee 1 per share</u> | | | |
| Basic | 26 | 3.90 | 884.47 |
| Diluted | | 3.90 | 884.47 |
| Summary of significant accounting policies | 2 | | |

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

This is the statement of profit and loss referred to in our audit report of even date.

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

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

Sd/-
Manish Gujral
Partner
Membership No.: 105117

Sd/-
Gurpreet Singh Chhatwal
Managing Director
[DIN: 08740541]
Place: Mumbai

Sd/-
Holly Kay Kulka
Director
[DIN: 08812990]
Place: New York

Sd/-
Venkatesh Viswanathan
Chief Financial Officer
Place: Mumbai

Sd/-
Hiresh Dhakan
Company Secretary
Place: Mumbai

Place: Mumbai
Date: February 9, 2021

Date: February 9, 2021

CRISIL Ratings Limited

Cash Flow Statement for the nine months period ended December 31, 2020

(Rupees in lakhs)

| Particulars | Period from April 1, 2020 to December 31, 2020 | Period from June 3, 2019 to March 31, 2020 Restated (Refer note 34) |
|---|--|--|
| A. Cash flow from operating activities : | | |
| Profit before tax | 13,529.87 | 17,407.20 |
| Adjustments for : | | |
| Depreciation / amortization | 70.60 | 67.73 |
| Profit on sale of current investments | (5.40) | - |
| Fair valuation of current investments | (16.03) | - |
| Profit on sale of property, plant and equipment | (5.25) | (6.10) |
| Excess provision written back | (405.62) | - |
| Provision for doubtful debts / bad debts | - | 30.94 |
| Provision for doubtful deposits | 4.43 | 0.70 |
| Interest income | (41.09) | (0.62) |
| Operating profit before working capital changes | 13,131.51 | 17,499.85 |
| Movements in working capital | | |
| - (Increase)/decrease in trade receivables | (555.72) | (1,490.25) |
| - (Increase)/decrease in loans | 21.48 | (61.28) |
| - (Increase)/decrease in other non current assets | 11.85 | (11.85) |
| - (Increase)/decrease in other current financial assets | (14,286.92) | (23,272.05) |
| - (Increase)/decrease in other current assets | 45.88 | (94.83) |
| - Increase/(decrease) in trade payables | 205.11 | 315.90 |
| - Increase/(decrease) in provisions | 417.77 | 939.41 |
| - Increase/(decrease) in other current financial liabilities | 1,344.58 | 751.87 |
| - Increase/(decrease) in other current liabilities | 2,314.01 | 6,021.85 |
| - Increase/(decrease) in other non current liabilities | 59.14 | 103.87 |
| Cash generated from operations | 2,708.69 | 702.49 |
| - Taxes paid (net) | (3,853.35) | (702.49) |
| Net cash (used in)/generated from operating activities - (A) | (1,144.66) | - |
| B. Cash flow from investing activities : | | |
| Purchase of property, plant and equipment (including intangible assets under development) | (209.09) | - |
| Sales of property, plant and equipment | 5.25 | - |
| Investment in mutual funds (net) | (1,254.53) | - |
| Interest income | 41.71 | - |
| Net cash used in investing activities - (B) | (1,416.66) | - |
| C. Cash flow from financing activities : | | |
| Proceeds from issuance of equity share capital | 100.00 | 2,510.00 |
| Net cash generated from financing activities - (C) | 100.00 | 2,510.00 |
| Net (decrease)/increase in cash and cash equivalents (A+B+C) | (2,461.32) | 2,510.00 |

CRISIL Ratings Limited**Cash Flow Statement for the nine months period ended December 31, 2020****(Rupees in lakhs)**

| Particulars | Period from April 1, 2020 to December 31, 2020 | Period from June 3, 2019 to March 31, 2020 Restated (Refer note 34) |
|---|--|--|
| Cash and cash equivalents - opening balance | 2,510.00 | - |
| Cash and cash equivalents - closing balance | 48.68 | 2,510.00 |
| Net (decrease)/increase in cash and cash equivalents | (2,461.32) | 2,510.00 |
| Components of cash and cash equivalents | | |
| With banks on current account | 23.68 | 10.00 |
| Deposits with original maturity of less than three months | 25.00 | 2,500.00 |
| Total | 48.68 | 2,510.00 |

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

This is the cash flow statement referred to
in our audit report of even date.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

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

Sd/-

Manish Gujral

Partner

Membership No.: 105117

Sd/-

Gurpreet Singh Chhatwal

Managing Director

[DIN: 08740541]

Place: Mumbai

Sd/-

Holly Kay Kulka

Director

[DIN: 08812990]

Place: New York

Sd/-

Venkatesh Viswanathan

Chief Financial Officer

Place: Mumbai

Sd/-

Hiresh Dhakan

Company Secretary

Place: Mumbai

Place: Mumbai

Date: February 9, 2021

Date: February 9, 2021

1. Equity share capital

(Rupees in lakhs)

| Balance as at April 1, 2020 | Changes in equity share capital during the period (Refer note 13) | Balance as at December 31, 2020 |
|-----------------------------|---|---------------------------------|
| 2,510.00 | 100.00 | 2,610.00 |

| Balance as at June 3, 2019 | Changes in equity share capital during the period (Refer note 13) | Balance as at March 31, 2020 |
|----------------------------|---|------------------------------|
| - | 2,510.00 | 2,510.00 |

2. Other equity

(Rupees in lakhs)

| Particulars | Reserves & Surplus | Total |
|---|--------------------|------------------|
| | Retained earnings | |
| Balance as at April 1, 2020 - Restated (Refer note 34) | 3,595.48 | 3,595.48 |
| Profit for the period | 10,099.51 | 10,099.51 |
| Other comprehensive income/ (loss) | (67.77) | (67.77) |
| Balance as at December 31, 2020 | 13,627.22 | 13,627.22 |

| Particulars | Reserves & Surplus | Total |
|---|--------------------|-----------------|
| | Retained earnings | |
| Balance as at June 3, 2019 | - | - |
| Profit for the period | 16,142.30 | 16,142.30 |
| Other comprehensive income/ (loss) | (7.03) | (7.03) |
| Less: Transferred to CRISIL Limited for the period June 3, 2019 to December 31, 2019 pursuant to the scheme of arrangement (Refer note 2.1) | (12,539.79) | (12,539.79) |
| Balance as at March 31, 2020 - Restated (Refer note 34) | 3,595.48 | 3,595.48 |

2.1 In terms of Ind AS 103 "Business Combination", the acquisition of ratings business is a business combination under common control. Accordingly, in order to comply with the requirements of Ind AS 103, the financial statements has been prepared basis acquisition of ratings business w.e.f June 3, 2019 (date of incorporation of CRISIL Ratings Limited). Consequently, the profit (including Other comprehensive income) for the period June 3, 2019 to December 31, 2019 pertaining to CRISIL Limited ('Holding Company' or 'transferor Company') has been adjusted under 'Other Equity' and which is payable to CRISIL Limited.

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

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

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

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

Sd/-
Manish Gujral
Partner
Membership No.: 105117

Sd/-
Gurpreet Singh Chhatwal
Managing Director
[DIN: 08740541]
Place: Mumbai

Sd/-
Holly Kay Kulka
Director
[DIN: 08812990]
Place: New York

Sd/-
Venkatesh Viswanathan
Chief Financial Officer
Place: Mumbai

Sd/-
Hiresh Dhakan
Company Secretary
Place: Mumbai

Place: Mumbai
Date: February 9, 2021

Date: February 9, 2021

1 **Corporate information**

CRISIL Ratings Limited ("the Company") [CIN : U67100MH2019PLC326247] The Company is a subsidiary of CRISIL Limited, holding Company. The Company is providing ratings services and serve lenders, investors, issuers, market intermediaries and regulators by covering manufacturing companies, banks, NBFCs, PSUs, financial institutions, state governments, urban local bodies, and mutual funds. Issuers and borrowers leverage our ratings for enhancing their access to funding, widening range of funding alternatives, and optimising cost of funds

The Company 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 Company was incorporated on June 3, 2019. A scheme of arrangement had been filed with the National Company Law Tribunal to demerge the ratings business of the Holding Company by transferring the same on a going concern basis to the Company which has subsequently been sanctioned by the regulatory authorities as stated in note 34.

These financial statements for the period from April 1, 2020 to December 31, 2020 were approved by the Board of Directors on February 9, 2021.

CRISIL Limited, the holding Company, owns directly 100% as on December 31, 2020 of the Company's equity share capital. (Refer note 13).

2 **Summary of significant accounting policies**

2.1 **Statement of compliance**

The financial statements of the Company 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 the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

Functional and presentation currency

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

2.2 **Basis of preparation**

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

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

2.3 **Use of estimates and judgments**

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

Estimates and assumptions are required in particular for:

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

Useful lives of PPE and 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 it is assessed, whether an asset may be capitalized and which components of the cost of the asset may be capitalized.

• **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 recognised only to the extent that it is highly probable a significant reversal will not occur.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company 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.

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

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

• **Valuation of taxes on income**

Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions. Uncertain tax position is with regards to items of expense or transaction that may be challenged by tax authorities. The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under note 2.16.

• **Provisions**

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

2.4 **Property, plant and equipment (PPE)**

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

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

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

2.5 **Intangibles**

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

2.6 **Depreciation / amortization**

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

| Assets | Estimated Useful life |
|------------------------|-----------------------|
| Furniture and fixtures | 10 years |
| Office equipments | 3 to 10 years |
| Vehicles | 3 years |
| Computers | 3 years |
| Software | 1 to 3 years |

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

2.7 **Impairment**

a) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount in the statement of profit and loss. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) 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 Company 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 amortized cost e.g., loans, deposits, and bank balance.
- ii) Trade receivables.

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

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

2.8 **Leases**

The Company's lease assets consists of office premises. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset

Where the Company is a lessee

The Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Company is reasonably certain to exercise that option.

At the date of commencement of the lease, the Company recognises a right of use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The cost of the right of use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

The right of use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right of use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right of use asset. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment.

Right of use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

The lease payments shall include fixed payments, variable lease payments based on an index or rate, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised substance fixed lease payments.

Lease liability and right of use assets have been presented separately in the Balance Sheet and lease payments are classified as cash used in financing activities in the statement of cash flows.

Company as a lessor

Leases under which the Company is a lessor are classified as finance or operating leases. Lease contracts where all the risks and rewards are substantially transferred to the lessee, the lease contracts are classified as finance leases. All other leases are classified as operating leases.

2.9 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 proceeds.

2.10 Fair value of financial instruments

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

2.11 Financial Instruments**Initial recognition and measurement**

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

Subsequent measurement**a) Non-derivative financial instruments****(i) Financial assets carried at amortized cost**

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

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

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

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

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

(iv) Financial liabilities

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

Derecognition of financial instruments

The Company 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 Company transfers amounts from this reserve to retained earnings if these equity instruments are derecognised. A financial liability (or a part of a financial liability) is derecognized from the Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.12 Provision, contingent liabilities and contingent assets:

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

Contingent liabilities are disclosed for:

- (i) possible obligations which will be confirmed only by future events not wholly within the control of the Company 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.

2.13 **Cash and cash equivalents**

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

2.14 **Revenue recognition**

Income from operations

Income from operations comprises income from initial rating and surveillance 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 are accounted on a time proportion basis and revenue is straight lined over the period of performance.

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.

Unearned and deferred revenue ('contract liability') is recognised when there are billings in excess of revenues.

Invoices are payable within contractually agreed credit period. Contracts are subject to modification to account for changes in contract specification and requirements. The Company 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.

Interest income

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

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 recognized in the statement of profit and loss.

2.15 **Retirement and other employee benefits**

Short term employee benefits

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

Defined benefit plans

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

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

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

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of profit and loss. The Company recognizes 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 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

Defined contribution plans

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

2.16 **Taxes on Income**

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

Current tax

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

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

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

Deferred tax

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

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

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- a) The Company 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 includes 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 recognized as deferred tax asset in the Balance sheet when the asset can be measured reliable and it is probable that the future economic benefit associated with the asset will be realised.

2.17 **Segment reporting policies**

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

2.18 **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 period. The weighted average number of equity shares outstanding during the period is adjusted for events such as buy back, employee stock option scheme, 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 Company 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.

2.19 **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.

3. Property, plant and equipment

Period from April 1, 2020 to December 31, 2020

| Particulars | Carrying value | | | | Accumulated depreciation | | | | Net Block | | |
|------------------------------|---------------------|--|---------------|--------------|--------------------------|---------------------|--|----------------|--------------|---------------|-------------------------|
| | As at April 1, 2020 | Acquired pursuant to the scheme of arrangement | Additions | Deductions | As at December 31, 2020 | As at April 1, 2020 | Acquired pursuant to the scheme of arrangement | For the period | | Deductions | Up to December 31, 2020 |
| Tangible assets | | | | | | | | | | | |
| Furniture & fixtures | 8.41 | - | - | - | 8.41 | 7.57 | - | 0.23 | - | 7.80 | 0.61 |
| Office equipments | 46.24 | - | - | - | 46.24 | 39.67 | - | 2.04 | - | 41.71 | 4.53 |
| Computers | 332.60 | - | 111.72 | - | 444.32 | 259.92 | - | 40.62 | - | 300.54 | 143.78 |
| Vehicles | 142.04 | - | - | 52.50 | 89.54 | 82.45 | - | 22.43 | 52.50 | 52.38 | 37.16 |
| Total tangible assets | 529.29 | - | 111.72 | 52.50 | 588.51 | 389.61 | - | 65.32 | 52.50 | 402.43 | 186.08 |

Period from June 3, 2019 to March 31, 2020

| Particulars | Carrying value | | | | Accumulated depreciation | | | | Net Block | | |
|------------------------------|--------------------|--|---------------|--------------|--------------------------|--------------------|--|----------------|--------------|---------------|----------------------|
| | As at June 3, 2019 | Acquired pursuant to the scheme of arrangement (Refer note 34) | Additions | Deductions | As at March 31, 2020 | As at June 3, 2019 | Acquired pursuant to the scheme of arrangement (Refer note 34) | For the period | | Deductions | Up to March 31, 2020 |
| Tangible assets | | | | | | | | | | | |
| Furniture & fixtures | - | 8.53 | - | 0.12 | 8.41 | - | 7.44 | 0.25 | 0.12 | 7.57 | 0.84 |
| Office equipments | - | 45.87 | 1.51 | 1.14 | 46.24 | - | 36.72 | 4.07 | 1.12 | 39.67 | 6.57 |
| Computers | - | 322.45 | 53.87 | 43.72 | 332.60 | - | 267.56 | 35.25 | 42.89 | 259.92 | 72.68 |
| Vehicles | - | 107.47 | 57.40 | 22.83 | 142.04 | - | 81.53 | 23.74 | 22.82 | 82.45 | 59.59 |
| Total tangible assets | - | 484.32 | 112.78 | 67.81 | 529.29 | - | 393.25 | 63.31 | 66.95 | 389.61 | 139.68 |

CRISIL Ratings Limited
 Summary of significant accounting policies and other explanatory information to the financial statements for the nine months period ended December 31, 2020

4. Intangible assets

| Particulars | Carrying value | | | | Accumulated amortization | | | | Net Block As at December 31, 2020 | |
|--------------------------------|------------------------|---|-----------|------------|-------------------------------|------------------------|---|-------------------|--|-------------|
| | As at April 1, 2020 | Acquired pursuant to the scheme of arrangement | Additions | Deductions | As at December 31, 2020 | As at April 1, 2020 | Acquired pursuant to the scheme of arrangement | For the period | | Deductions |
| Software | 9.70 | - | - | - | 9.70 | 4.42 | - | 5.28 | - | 9.70 |
| Total intangible assets | 9.70 | - | - | - | 9.70 | 4.42 | - | 5.28 | - | 9.70 |

| Particulars | Carrying value | | | | Accumulated amortization | | | | Net Block As at March 31, 2020 | |
|--------------------------------|-----------------------|--|-------------|------------|--------------------------|-----------------------|--|-------------------|---|-------------|
| | As at June 3, 2019 | Acquired pursuant to the scheme of arrangement (Refer note 34) | Additions | Deductions | As at March 31, 2020 | As at June 3, 2019 | Acquired pursuant to the scheme of arrangement (Refer note 34) | For the period | | Deductions |
| Software | - | - | 9.70 | - | 9.70 | - | - | 4.42 | - | 4.42 |
| Total intangible assets | - | - | 9.70 | - | 9.70 | - | - | 4.42 | - | 4.42 |

CRISIL Ratings Limited
Summary of significant accounting policies and other explanatory information to the financial statements for the nine months period ended December 31, 2020
(Rupees in lakhs)

| 5. Income tax | Period from April 1, 2020 to December 31, 2020 | Period from June 3, 2019 to March 31, 2020 |
|--|---|---|
| Current tax | 3,841.54 | 812.24 |
| Deferred tax | (411.18) | 452.66 |
| Total income tax expense recognised in current period | 3,430.36 | 1,264.90 |

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

(Rupees in lakhs)

| Particulars | Period from April 1, 2020 to December 31, 2020 | Period from June 3, 2019 to March 31, 2020 |
|--------------------------------------|---|---|
| Profit before tax | 13,529.87 | 17,407.20 |
| Enacted income tax rate in India | 25.17% | 25.17% |
| Computed expected tax expense | 3,405.20 | 4,381.04 |

| Effect of: | | |
|--|-----------------|-----------------|
| Elimination of profit pertaining to transferor Company | - | (3,157.52) |
| Expenses that are not deductible in determining taxable profit | 0.22 | 7.51 |
| Others | 24.94 | 33.87 |
| Total income tax expense recognised in the statement of profit and loss | 3,430.36 | 1,264.90 |

The tax year for the Company being the year ending March 31, 2021, the tax expense for the period is the provision for the nine month period ended December 31, 2020. The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961, as introduced by Taxation Law Amendment Act 2019.

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, 2020

(Rupees in lakhs)

| Particulars | Opening balance | Others | Recognised in profit and loss statement | Recognised in other comprehensive income | Closing balance |
|---|------------------------|---------------|--|---|------------------------|
| Deferred tax asset | | | | | |
| On property, plant and equipment | 29.09 | - | (0.52) | - | 28.57 |
| On provision for compensated absences | 190.25 | - | 87.48 | - | 277.73 |
| On provision for bonus, incentives and commission | 175.74 | - | 301.34 | - | 477.08 |
| On provision for gratuity | 48.54 | - | 17.67 | 22.79 | 89.00 |
| On provision for bad debt | 158.68 | - | (60.56) | - | 98.12 |
| On initial rating fees and other deferred revenue | 320.49 | - | 61.27 | - | 381.76 |
| 40A(ia) of the Income Tax Act, 1961 and other items | - | - | 4.50 | - | 4.50 |
| Gross deferred tax asset | 922.80 | - | 411.18 | 22.79 | 1,356.76 |
| Net deferred tax asset | 922.80 | - | 411.18 | 22.79 | 1,356.76 |

As at March 31, 2020

(Rupees in lakhs)

| Particulars | Opening balance | Others* | Recognised in profit and loss statement | Recognised in other comprehensive income | Closing balance |
|---|------------------------|-----------------|--|---|------------------------|
| Deferred tax asset | | | | | |
| On property, plant and equipment | - | (18.92) | 48.01 | - | 29.09 |
| On provision for compensated absences | - | 224.86 | (34.60) | - | 190.25 |
| On provision for bonus, incentives and commission | - | 371.34 | (195.60) | - | 175.74 |
| On provision for gratuity | - | 83.70 | (37.52) | 2.36 | 48.54 |
| On provision for bad debt | - | 181.75 | (23.07) | - | 158.68 |
| On initial rating fees and other deferred revenue | - | 530.37 | (209.88) | - | 320.49 |
| Gross deferred tax asset | - | 1,373.10 | (452.66) | 2.36 | 922.80 |
| Net deferred tax asset | - | 1,373.10 | (452.66) | 2.36 | 922.80 |

* represents the amount of deferred tax balances as on December 31, 2019 pertaining to rating business which has been transferred from CRISIL Limited.

CRISIL Ratings Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the nine months period ended December 31, 2020

(Rupees in lakhs)

| 6. Other assets (Non-current) | As at | |
|-------------------------------|-------------------|----------------|
| | December 31, 2020 | March 31, 2020 |
| Prepaid expenses | - | 11.85 |
| Total | - | 11.85 |

| 7. Current investments | As at December 31, 2020 | | As at March 31, 2020 | |
|---|----------------------------|-----------------|-------------------------|-----------------|
| | 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 28)] | | | | |
| Aditya Birla Sun Life Savings Fund - Growth - Direct Plan | 88,642 | 375.02 | - | - |
| DSP Banking and PSU Debt Fund - Direct - Growth | 2,61,697 | 50.13 | - | - |
| IDFC Ultra Short Term Fund - Direct Plan - Growth | 8,50,182 | 100.98 | - | - |
| IDFC Low Duration Fund - Growth - Direct Plan | 12,32,438 | 374.84 | - | - |
| Invesco India Treasury Advantage Fund - Direct Plan - Growth | 12,394 | 374.99 | - | - |
| Total | | 1,275.96 | | - |

(Rupees in lakhs)

| 8. Trade receivables (Current) | As at | |
|--|-------------------|-----------------|
| | December 31, 2020 | March 31, 2020 |
| <u>Unsecured, unless otherwise stated</u> | | |
| Trade receivables considered good- Secured | | - |
| Trade receivables considered good- Unsecured | 2,420.65 | 1,459.31 |
| Trade receivables which have significant increase in credit risk | - | - |
| Trade receivables - credit impaired | 227.59 | 624.43 |
| Less: Allowance for impairment loss | (227.59) | (624.43) |
| Total | 2,420.65 | 1,459.31 |

The Company uses a provision matrix to determine impairment loss allowance on the portfolio trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At period end, the historical observed default rates are updated and changes in the forward looking estimates are analyzed.

Specific allowance for loss is also been provided by the management based on expected recovery on individual customers.

Reconciliation of loss allowance:

(Rupees in lakhs)

| Particulars | As at | |
|---|-------------------|----------------|
| | December 31, 2020 | March 31, 2020 |
| Opening balance | 624.43 | - |
| Add: Transferred from CRISIL Limited | - | 714.35 |
| Add: Provided/ (reversed) during the period | (324.62) | 30.94 |
| Less: Utilisation | (72.22) | (120.86) |
| Closing balance | 227.59 | 624.43 |

(Rupees in lakhs)

| 9. Cash and cash equivalents (Current) | As at | |
|---|-------------------|-----------------|
| | December 31, 2020 | March 31, 2020 |
| <u>Balances with banks:</u> | | |
| On current accounts | 23.68 | 10.00 |
| Deposits with original maturity of less than three months | 25.00 | 2,500.00 |
| Total | 48.68 | 2,510.00 |

(Rupees in lakhs)

| 10. Loans (Current) | As at | |
|---|-------------------|----------------|
| | December 31, 2020 | March 31, 2020 |
| <u>Unsecured, considered good, unless otherwise stated</u> | | |
| Loans to employees | 31.92 | 60.33 |
| Security deposits | | |
| - Considered good | 2.75 | 0.25 |
| - Considered doubtful | 10.48 | 6.05 |
| Less: Allowance for impairment loss | (10.48) | (6.05) |
| Total | 34.67 | 60.58 |
| Sub-classification of loans: | | |
| Loan receivables considered good- Secured | - | - |
| Loan receivables considered good- Unsecured | 34.67 | 60.58 |
| Loan receivables which have significant increase in credit risk | - | - |
| Loan receivables - credit impaired | 10.48 | 6.05 |
| Less: Allowance for impairment loss | (10.48) | (6.05) |
| Total | 34.67 | 60.58 |

CRISIL Ratings Limited
Summary of significant accounting policies and other explanatory information to the financial statements for the nine months period ended December 31, 2020
(Rupees in lakhs)

| 11. Other financial assets (Current) | As at December 31, 2020 | As at March 31, 2020 |
|--|------------------------------------|---------------------------------|
| <u>Unsecured, considered good, unless otherwise stated</u> | | |
| Advances recoverable in cash (Refer note 30) | 27,630.23 | 14,043.03 |
| Accrued revenue (Refer note 11.1) | 758.66 | 58.93 |
| Interest accrued on fixed deposits | - | 0.62 |
| Total | 28,388.89 | 14,102.58 |

11.1 The balance lying in accrued revenue as at March 31, 2020 is fully billed during the current period.

(Rupees in lakhs)

| 12. Other current assets | As at December 31, 2020 | As at March 31, 2020 |
|--------------------------------------|------------------------------------|---------------------------------|
| Prepaid expense | 6.97 | 60.46 |
| Balances with government authorities | 2.90 | - |
| Advances to suppliers and employees | 39.08 | 34.37 |
| Total | 48.95 | 94.83 |

(Rupees in lakhs)

| 13. Equity share capital | As at December 31, 2020 | As at March 31, 2020 |
|--|------------------------------------|---------------------------------|
| Authorised capital: 300,000,000 equity shares of Rupee 1 each (Previous period 300,000,000 equity shares of Rupee 1 each) | 3,000.00 | 3,000.00 |
| Issued, subscribed and paid up: 261,000,000 equity shares of Rupee 1 each fully paid up (Previous period 251,000,000 equity shares of Rupee 1 each fully paid up) | 2,610.00 | 2,510.00 |
| Total | 2,610.00 | 2,510.00 |

(a) Issue of share capital

On May 20, 2020, the Company has issued 10,000,000 equity shares at a face value of Rupee 1 each to CRISIL Limited, the Holding Company.

On June 3, 2019, the Company had issued 1,000,000 equity shares at a face value of Rupee 1 each and on March 31, 2020, the Company had issued 250,000,000 equity shares at a face value of Rupee 1 each to CRISIL Limited, the Holding Company.

(b) Reconciliation of the shares outstanding at the beginning and at the end of the period
Equity shares

| Particulars | As at December 31, 2020 | |
|--|------------------------------------|---------------------|
| | Rupees in lakhs | Nos. |
| At the beginning of the period (face value of Rupee 1 per share) | 2,510.00 | 25,10,00,000 |
| Add : Issued during the period | 100.00 | 1,00,00,000 |
| Outstanding at the end of the period | 2,610.00 | 26,10,00,000 |

| Particulars | As at March 31, 2020 | |
|--|---------------------------------|---------------------|
| | Rupees in lakhs | Nos. |
| At the beginning of the period (face value of Rupee 1 per share) | - | - |
| Add : Issued during the period | 2,510.00 | 25,10,00,000 |
| Outstanding at the end of the period | 2,510.00 | 25,10,00,000 |

(c) 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.

CRISIL Ratings Limited**Summary of significant accounting policies and other explanatory information to the financial statements for the nine months period ended December 31, 2020****(d) Shares held by Holding Company**

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

| Particulars | (Rupees in lakhs) | |
|---|----------------------------|-------------------------|
| | As at December 31, 2020 | As at March 31, 2020 |
| CRISIL Limited (Holding 100% Share in CRISIL Ratings Limited) | 2,610.00 | 2,510.00 |
| Total | 2,610.00 | 2,510.00 |

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

| Name of the shareholder | As at December 31, 2020 | |
|--|----------------------------|--------------|
| | % holding in the class | Nos. |
| Equity shares of Rupee 1 each fully paid CRISIL Limited | 100.00% | 26,10,00,000 |

| Name of the shareholder | As at March 31, 2020 | |
|--|-------------------------|--------------|
| | % holding in the class | Nos. |
| Equity shares of Rupee 1 each fully paid CRISIL Limited | 100.00% | 25,10,00,000 |

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) The Company has neither issued shares for consideration other than cash or bonus shares nor there has been any buy back of shares during the current period and previous period.

(g) Capital Management

The Company is predominantly equity financed and continues to maintain adequate amount of liquidity to meet strategic and growth objectives. The Company manages its capital to ensure that it will be able to continue as going concerns while maximising the return to its stakeholders. The Company has ensured a balance between earning adequate returns on treasury asset and need to cover financial and business risk. The Company 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.

13.1 Explanation of reserves**a) Retained earnings**

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

| 14. Other financial liabilities (Non-current) | (Rupees in lakhs) | |
|---|----------------------------|-------------------------|
| | As at December 31, 2020 | As at March 31, 2020 |
| Employee related payables | 163.01 | 103.87 |
| Total | 163.01 | 103.87 |

| 15. Provisions (Non-current) | (Rupees in lakhs) | |
|------------------------------|----------------------------|-------------------------|
| | As at December 31, 2020 | As at March 31, 2020 |
| Gratuity (Refer note 32) | 233.80 | 73.04 |
| Total | 233.80 | 73.04 |

| 16. Trade payables (Current) | (Rupees in lakhs) | |
|---|----------------------------|-------------------------|
| | As at December 31, 2020 | As at March 31, 2020 |
| Total outstanding dues of micro enterprises and small enterprises [as per intimation received from suppliers (Refer note 16.1)] | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 521.01 | 315.90 |
| Total | 521.01 | 315.90 |

CRISIL Ratings Limited
Summary of significant accounting policies and other explanatory information to the financial statements for the nine months period ended December 31, 2020
16.1 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 is provided as under (Rupees in lakhs)

| Particulars | As at December 31, 2020 | As at March 31, 2020 |
|--|----------------------------|-------------------------|
| -The principal amount and the interest due thereon remaining unpaid to any supplier at the end of accounting period. | - | - |
| -The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during accounting period. | - | - |
| -The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the period) but without adding the interest specified under the Micro, Small and Medium Enterprises | - | - |
| -The amount of interest accrued and remaining unpaid at the end of accounting period; | - | - |
| -Interest accrued and remaining unpaid as at period end | - | - |
| -The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | - | - |

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

(Rupees in lakhs)

| 17. Other financial liabilities (Current) | As at December 31, 2020 | As at March 31, 2020 |
|--|----------------------------|-------------------------|
| Employee related payables | 2,096.45 | 751.87 |
| Payable to related party (Refer note 30) | 5,170.00 | 5,170.00 |
| Total | 7,266.45 | 5,921.87 |

(Rupees in lakhs)

| 18. Provisions (Current) | As at December 31, 2020 | As at March 31, 2020 |
|---------------------------------|----------------------------|-------------------------|
| Gratuity (Refer note 32) | 119.83 | 119.83 |
| Compensated absences | 1,103.51 | 755.94 |
| Total | 1,223.34 | 875.77 |

(Rupees in lakhs)

| 19. Tax liabilities (Current) | As at December 31, 2020 | As at March 31, 2020 |
|---|----------------------------|-------------------------|
| Provision for tax (net of advance taxes paid) | 97.94 | 109.75 |
| Total | 97.94 | 109.75 |

(Rupees in lakhs)

| 20. Other current liabilities | As at December 31, 2020 | As at March 31, 2020 |
|--------------------------------------|----------------------------|-------------------------|
| Statutory liabilities | 0.08 | - |
| Advance received from customer | 574.48 | 2,388.21 |
| Unearned revenue (Refer note 20.1) | 7,761.30 | 3,633.64 |
| Total | 8,335.86 | 6,021.85 |

20.1 The balance lying in unearned revenue as at March 31, 2020 is fully recognised during the current period.

(Rupees in lakhs)

| 21. Revenue from operations | Period from April 1, 2020 to December 31, 2020 | Period from June 3, 2019 to March 31, 2020 |
|------------------------------------|---|---|
| Ratings services | 25,977.25 | 30,313.58 |
| Total | 25,977.25 | 30,313.58 |

21.1 The Company 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. (Refer note 31)

CRISIL Ratings Limited
Summary of significant accounting policies and other explanatory information to the financial statements for the nine months period ended December 31, 2020
(Rupees in lakhs)

| 22. Other income | Period from April 1, 2020 to December 31, 2020 | Period from June 3, 2019 to March 31, 2020 |
|---|---|---|
| Interest on bank deposits | 41.09 | 0.62 |
| Excess provision written back | 405.62 | - |
| Fair valuation of current investments | 16.03 | - |
| Profit on sale of current investments | 5.40 | - |
| Profit on sale of property, plant and equipment (net) | 5.25 | 6.10 |
| Miscellaneous income | 1.95 | - |
| Total | 475.34 | 6.72 |

(Rupees in lakhs)

| 23. Employee benefits expenses | Period from April 1, 2020 to December 31, 2020 | Period from June 3, 2019 to March 31, 2020 |
|---|---|---|
| Salaries, wages and bonus | 6,929.32 | 6,689.28 |
| Share based payment to employees (Refer note 35) | 51.75 | 104.85 |
| Contribution to provident and other funds (Refer note 32) | 230.71 | 244.55 |
| Contribution to gratuity fund (Refer note 32) | 73.74 | 78.46 |
| Staff training and welfare expenses | 106.90 | 179.69 |
| Total | 7,392.42 | 7,296.83 |

(Rupees in lakhs)

| 24. Depreciation | Period from April 1, 2020 to December 31, 2020 | Period from June 3, 2019 to March 31, 2020 |
|---|---|---|
| Depreciation and amortisation on tangible and intangible assets (Refer notes 3 and 4) | 70.60 | 67.73 |
| Add : Allocation of depreciation from Holding Company | 35.42 | 64.43 |
| Total | 106.02 | 132.16 |

(Rupees in lakhs)

| 25. Other expenses | Period from April 1, 2020 to December 31, 2020 | Period from June 3, 2019 to March 31, 2020 |
|--|---|---|
| Repairs and maintenance - buildings | 168.90 | 211.75 |
| Repairs and maintenance - others | 76.95 | 90.05 |
| Electricity | 53.16 | 104.83 |
| Communication expenses | 82.86 | 75.61 |
| Insurance | 19.30 | 5.99 |
| Rent (Refer note 38) | 616.50 | 619.92 |
| Rates and taxes | 1.52 | 0.84 |
| Printing and stationery | 5.33 | 37.16 |
| Conveyance and travelling | 15.95 | 340.50 |
| Data subscription | 4.39 | 8.54 |
| Remuneration to non-whole time directors (Refer note 30) | 24.70 | - |
| Business promotion and advertisement | 2.29 | 16.54 |
| Professional fees | 599.29 | 400.40 |
| Associate service fee | 1,060.99 | 1,001.58 |
| Software purchase expense | 60.72 | 37.99 |
| Donation | 0.89 | - |
| Provision for doubtful deposits | 4.43 | 0.70 |
| Provision for doubtful debts / bad debts | - | 30.94 |
| Software maintenance expenses | 39.71 | 9.74 |
| Auditors' remuneration (Refer note 33) | 10.00 | 2.00 |
| Recruitment expenses | 11.58 | 34.94 |
| Miscellaneous expenses | 197.24 | 70.47 |
| Allocation of overhead expense by Holding Company | 2,367.58 | 2,383.62 |
| Total | 5,424.28 | 5,484.11 |

CRISIL Ratings Limited**Summary of significant accounting policies and other explanatory information to the financial statements for the nine months period ended December 31, 2020****26 Earning Per Share**

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

| Particulars | Period from April 1, 2020 to December 31, 2020 | Period from June 3, 2019 to March 31, 2020 |
|---|--|--|
| Net profit/(loss) after tax attributable to equity shareholders (Rupees in lakhs) | 10,099.51 | 16,142.30 |
| Weighted average number of equity shares outstanding during the period | 25,92,18,182 | 18,25,083 |
| Basic earnings per share (in Rupees) | 3.90 | 884.47 |
| Diluted earnings per share (in Rupees) | 3.90 | 884.47 |

27 Financial risk management

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised in note 28. The main types of risks are market risk, business, credit risk and liquidity risk. The Company has in place a robust risk management policy with overall governance and oversight from Board of Directors. Risk assessment is conducted periodically and the Company has a mechanism to identify, assess, mitigate and monitor various risks to key business objectives.

The policies for managing specific risk are summarized below:-

27.1 Liquidity risk

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

Liquidity risk management

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

The treasury position of the Company is given below:

Financial assets maturing within one year:

| Particulars | (Rupees in lakhs) | |
|-----------------------------|-------------------------|----------------------|
| | As at December 31, 2020 | As at March 31, 2020 |
| Trade receivables | 2,420.65 | 1,459.31 |
| Cash and cash equivalents | 48.68 | 2,510.00 |
| Loans | 34.67 | 60.58 |
| Investments in mutual funds | 1,275.96 | - |
| Other financial assets | 28,388.89 | 14,102.58 |
| Total | 32,168.85 | 18,132.47 |

Financial liabilities maturing within one year:

| Particulars | (Rupees in lakhs) | |
|-----------------------------|-------------------------|----------------------|
| | As at December 31, 2020 | As at March 31, 2020 |
| Trade payables | 521.01 | 315.90 |
| Other financial liabilities | 7,266.45 | 5,921.87 |
| Total | 7,787.46 | 6,237.77 |

Financial liabilities maturing after one year:

| Particulars | (Rupees in lakhs) | |
|-----------------------------|-------------------------|----------------------|
| | As at December 31, 2020 | As at March 31, 2020 |
| Other financial liabilities | 163.01 | 103.87 |
| Total | 163.01 | 103.87 |

CRISIL Ratings Limited**Summary of significant accounting policies and other explanatory information to the financial statements for the nine months period ended December 31, 2020****27.2 Business and credit risks**

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

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

| (Rupees in lakhs) | | |
|------------------------------------|--------------------------------|-----------------------------|
| Receivables | As at December 31, 2020 | As at March 31, 2020 |
| <= 6 months | 2,372.02 | 1,910.33 |
| > 6 months but <= 1 year | 276.22 | 173.41 |
| > 1 year | - | - |
| Provision for doubtful receivables | (227.59) | (624.43) |

27.3 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 interest rate, price and other market changes. The Company's exposure to market risk is mainly due to price risk.

Price risk

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

The Company is exposed to price risk arising mainly from investments in mutual funds recognized at FVTPL. The details of such investment are given under note 7. If the prices had been higher/lower by 5% from the market prices existing as at the reporting date, profit would increase/decrease by Rupees 63.80 lakhs for the period ended December 31, 2020.

CRISIL Ratings Limited
Summary of significant accounting policies and other explanatory information to the financial statements for the nine months period ended December 31, 2020

28 Financial Instruments

The carrying value and fair value of financial instruments by categories as at December 31, 2020 are as follows:

| Particulars | Amortized 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 instrument designated upon initial recognition | Mandatory | | | | |
| | | | | | | | | | |
| Assets | | | | | | | | | |
| Investments in mutual funds | - | - | 1,275.96 | - | - | - | 1,275.96 | 1,275.96 | |
| Cash and cash equivalents | 48.68 | - | - | - | - | - | 48.68 | 48.68 | |
| Trade receivables | 2,420.65 | - | - | - | - | - | 2,420.65 | 2,420.65 | |
| Loans | 34.67 | - | - | - | - | - | 34.67 | 34.67 | |
| Other financial assets | 28,388.89 | - | - | - | - | - | 28,388.89 | 28,388.89 | |
| Total | 30,892.89 | - | 1,275.96 | - | - | - | 32,168.85 | 32,168.85 | |
| Liabilities | | | | | | | | | |
| Trade payables | 521.01 | - | - | - | - | - | 521.01 | 521.01 | |
| Other financial liabilities | 7,429.46 | - | - | - | - | - | 7,429.46 | 7,429.46 | |
| Total | 7,950.47 | - | - | - | - | - | 7,950.47 | 7,950.47 | |

The carrying value and fair value of financial instruments by categories as at March 31, 2020 are as follows:

| Particulars | Amortized 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 instrument designated upon initial recognition | Mandatory | | | | |
| | | | | | | | | | |
| Assets | | | | | | | | | |
| Cash and cash equivalents | 2,510.00 | - | - | - | - | - | 2,510.00 | 2,510.00 | |
| Trade receivables | 1,459.31 | - | - | - | - | - | 1,459.31 | 1,459.31 | |
| Loans | 60.58 | - | - | - | - | - | 60.58 | 60.58 | |
| Other financial assets | 14,102.58 | - | - | - | - | - | 14,102.58 | 14,102.58 | |
| Total | 18,132.47 | - | - | - | - | - | 18,132.47 | 18,132.47 | |
| Liabilities | | | | | | | | | |
| Trade payables | 315.90 | - | - | - | - | - | 315.90 | 315.90 | |
| Other financial liabilities | 6,025.74 | - | - | - | - | - | 6,025.74 | 6,025.74 | |
| Total | 6,341.64 | - | - | - | - | - | 6,341.64 | 6,341.64 | |

CRISIL Ratings Limited
Summary of significant accounting policies and other explanatory information to the financial statements for the period from April 1, 2020 to December 31, 2020

28.1 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 March 31, 2020

| Particulars | As at December 31, 2020 | | | As at March 31, 2020 | | |
|--|-------------------------|---------|---------|----------------------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Financial assets measured at fair value: | | | | | | |
| A. Investments at FVTPL | 1,275.96 | - | - | - | - | - |
| 1. Mutual Funds | | | | | | |

29 Details of contingent liabilities and capital commitments are as under :

| Particulars | (Rupees in lakhs) | |
|--|-------------------------|----------------------|
| | As at December 31, 2020 | As at March 31, 2020 |
| A. Capital commitment | | |
| Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for | - | 9.71 |
| Total | - | 9.71 |

CRISIL Ratings Limited**Summary of significant accounting policies and other explanatory information to the financial statements for the nine months period ended December 31, 2020****30 List of related parties**

| Parties | Relationship |
|--|---|
| <u>Related parties where control exists</u> | |
| S&P Global Inc. | Ultimate Holding Company |
| CRISIL Limited | Holding Company |
| <u>Key Managerial Personnel</u> | |
| M.B.N. Rao | Independent Director (with effect from August 5, 2020) |
| Holly Kay Kulka | Non-Executive Director (with effect from August 5, 2020) |
| James Michael Wiemken | Non-Executive Director (with effect from December 22, 2020) |
| Diwakar Gupta | Independent Director (with effect from September 1, 2020) |
| Gurpreet Singh Chhatwal | Managing Director (with effect from May 8, 2020) |
| Amish Mehta | Director (from June 17, 2019 to August 6, 2020) |
| Anupam Kaura | Director (from June 17, 2019 to August 6, 2020) |
| Sanjay Chakravarti | Director (from June 17, 2019 to August 6, 2020) |
| Venkatesh Viswanathan * | Chief Financial Officer (with effect from April 29, 2020) |
| Hiresh Dhakan * | Company Secretary (with effect from April 29, 2020) |

* Related parties as per Companies Act, 2013

Transactions with related parties**(Rupees in lakhs)**

| Name of the related party | Nature of transaction / outstanding balances | Period from April 1, 2020 to December 31, 2020 | Period from June 3, 2019 to March 31, 2020 |
|----------------------------------|---|---|---|
| CRISIL Limited | Issuance of share capital | 100.00 | 2,510.00 |
| | Reimbursement of expenses paid | 702.13 | 262.51 |
| | Share of overhead expense paid | 2,344.01 | 729.30 |
| | Purchase consideration for transfer of business | - | 5,170.00 |
| | Amount payable | 5,170.00 | 5,170.00 |
| | Amount receivable | 27,618.84 | 13,972.74 |
| Diwakar Gupta | Sitting fee and comission | 11.35 | - |
| M.B.N. Rao | Sitting fee and comission | 13.35 | - |

In terms of Appendix C of Ind AS 103 "Business Combination", the acquisition of ratings business by the Company is a business combination under common control. To comply with the requirement of Ind AS 103, the Scheme has been given effect w.e.f June 3, 2019. Therefore, all current account transactions from June 3, 2019 to December 31, 2019 between CRISIL Limited and the Company has not been shown as related party transactions as these were done considering the Company as a unit of CRISIL Limited. Further all the transactions between appointed date i.e. January 1, 2020 to the date on which the Scheme has become effective by CRISIL Limited are in trust and on behalf of the Company (Refer note 34).

31 Segment reporting**Business segments:**

The primary reporting of the Company has been performed on the basis of business segments. The Company is principally engaged in the single business segment viz."Rating service". Accordingly, the amounts appearing in these financial statements relate to this primary segment. Further the Company generates its business only in India, and accordingly, no disclosures are required under secondary segment reporting. The Company does not have any customers who contribute more than 10% of the revenue from operations of the Company hence, the same has not been disclosed.

32 Gratuity and other post employment benefits plans**32.1 Gratuity**

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

The following tables 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.

CRISIL Ratings Limited
Summary of significant accounting policies and other explanatory information to the financial statements for the nine months period ended December 31, 2020

Net employee benefit expense recognised in statement of Profit and Loss

(Rupees in lakhs)

| Particulars | Period from April 1, 2020 to December 31, 2020 | Period ended June 3, 2019 to March 31, 2020 |
|---|--|---|
| Current service cost | 62.98 | 67.45 |
| Interest cost on defined benefit obligation | 7.22 | 11.01 |
| Adjustments | 3.54 | - |
| Net gratuity benefit expense | 73.74 | 78.46 |

Net employee benefit expense recognised in OCI

(Rupees in lakhs)

| Particulars | Period from April 1, 2020 to December 31, 2020 | Period ended June 3, 2019 to March 31, 2020 |
|---|--|---|
| Actuarial (gain)/loss due to experience on DBO | 49.94 | (32.54) |
| Actuarial (gain)/loss due to assumption changes in DBO | 41.58 | 47.81 |
| Actuarial (gain)/loss on DBO arising during period | 91.52 | 15.27 |
| Return on plan asset (greater)/ less than discount rate | (0.96) | (5.88) |
| Actuarial (gains)/losses recognized in | 90.56 | 9.39 |

(Rupees in lakhs)

| Particulars | As at December 31, 2020 | As at March 31, 2020 |
|-------------------------------------|-------------------------|----------------------|
| Present value of funded obligations | 830.09 | 682.10 |
| Fair value of plan assets | (476.46) | (489.23) |
| Net gratuity liability | 353.63 | 192.87 |

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

(Rupees in lakhs)

| Particulars | As at December 31, 2020 | As at March 31, 2020 |
|---|-------------------------|----------------------|
| Opening defined benefit obligation | 682.10 | - |
| Current service cost | 62.98 | 67.45 |
| Interest cost | 30.95 | 33.77 |
| Acquisitions (credit)/ cost | - | 635.06 |
| Actuarial (gain)/loss | 49.94 | (32.54) |
| Actuarial (gain)/loss (financial assumptions) | 41.58 | 47.81 |
| Benefits paid | (37.46) | (69.45) |
| Closing defined benefit obligation | 830.09 | 682.10 |

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

(Rupees in lakhs)

| Particulars | As at December 31, 2020 | As at March 31, 2020 |
|---|-------------------------|----------------------|
| Opening fair value of plan assets | 489.23 | - |
| Acquisition adjustment | - | 410.21 |
| Interest (income) / expense on plan | 23.73 | 22.76 |
| Contribution by employer | - | 119.83 |
| Return on plan assets greater / (lesser) than discount rate | 0.96 | 5.88 |
| Benefits paid | (37.46) | (69.45) |
| Closing fair value of plan assets | 476.46 | 489.23 |

CRISIL Ratings Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the nine months period ended December 31, 2020

The defined benefit obligation shall mature after December 31, 2020 as follows:

(Rupees in lakhs)

| Particulars | As at December 31, 2020 |
|--|----------------------------|
| December 31, 2021 | 76.63 |
| December 31, 2022 | 93.59 |
| December 31, 2023 | 104.96 |
| December 31, 2024 | 103.89 |
| December 31, 2025 | 121.64 |
| December 31, 2026 to December 31, 2030 | 616.47 |

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, 2020 | As at March 31, 2020 |
|-------------------------|----------------------------|-------------------------|
| Investment with insurer | 100% | 100% |

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

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

| Particulars | As at December 31, 2020 | As at March 31, 2020 |
|---|---|---|
| Discount rate | 5.70% | 6.40% |
| Rate of return on plan assets | 7.00% | 7.50% |
| Expected employee turnover | | |
| Service years | Rates | Rates |
| Service < 5 | 20.00% | 20.00% |
| Service => 5 | 10.00% | 10.00% |
| Increment | 10% for First 4 years starting 2021 and 7% thereafter | 10% for First 4 years starting 2020 and 7% thereafter |
| Expected employer's contribution next year (Rupees in lakhs) | 119.83 | 119.83 |

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

| Particulars | As at December 31, 2020 | As at March 31, 2020 |
|--|----------------------------|-------------------------|
| Schemes of insurance - conventional products | 100% | 100% |
| Total | 100% | 100% |

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

| Discount rate | Rupees in lakhs |
|---|-----------------|
| Effect on DBO due to 0.5% increase in discount rate | (29.99) |
| Effect on DBO due to 0.5% decrease in discount rate | 32.27 |

| Discount rate | Rupees in lakhs |
|--|-----------------|
| Effect on DBO due to 0.5% increase in salary escalation rate | 23.69 |
| Effect on DBO due to 0.5% decrease in salary escalation rate | (22.91) |

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

(Rupees in lakhs)

| Particulars | Period from April 1, 2020 to December 31, 2020 | Period from June 3, 2019 to March 31, 2020 |
|-----------------------------------|---|---|
| i. Contribution to provident fund | 218.94 | 234.46 |
| ii. Contribution to other funds | 11.77 | 10.09 |
| Total | 230.71 | 244.55 |

32.3 A provision of Rupees 1,103.51 lakhs has been made for compensated absences as at December 31, 2020. (Rupees 755.94 lakhs as at March 31, 2020)

CRISIL Ratings Limited**Summary of significant accounting policies and other explanatory information to the financial statements for the nine months period ended December 31, 2020****33 Auditors' remuneration includes :**

| Particulars | (Rupees in lakhs) | |
|----------------------|---|---|
| | Period from April 1, 2020 to December 31, 2020 | Period from June 3, 2019 to March 31, 2020 |
| Statutory audit fees | 6.00 | 1.50 |
| Tax audit fees | 2.00 | 0.50 |
| Others | 2.00 | - |
| Total | 10.00 | 2.00 |

34 Scheme of Arrangement

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 Ratings Limited, was incorporated on June 3, 2019, being a wholly owned subsidiary of CRISIL Limited. This transfer has been undertaken through a 'Scheme of arrangement in terms of Section 230 to 232 of the Companies Act, 2013' ('Scheme'). The Scheme has been sanctioned by the National Company Law Tribunal (NCLT) with appointed date as January 1, 2020 and the certified copy of the Order dated June 8, 2020 has been received on July 7, 2020 which has been filed with Registrar of Companies on July 20, 2020. Further SEBI and Reserve Bank of India (RBI) has given necessary approval on December 4, 2020 and December 31, 2020, respectively, to CRISIL Ratings Limited to act as a Credit Rating Agency. On receipt of approval, the Scheme became effective on December 31, 2020 with the appointed date of January 1, 2020. In terms of Appendix C of Ind AS 103 "Business Combination", the above transfer is a business combination under common control and to comply with the requirement of Paragraph 9(iii) of Appendix C of Ind AS 103, the financial information in the financial statements in respect of period from June 3, 2019 to March 31, 2020 has been restated as if the business combination had occurred from June 3, 2019.

The details of assets and liabilities acquired by the Company is as under :

| Particulars | (Rupees in lakhs) | |
|--|-------------------|--|
| | Rating business | |
| ASSETS | | |
| 1. Property, plant and equipment | 151.00 | |
| 2. Intangible assets | 8.00 | |
| 3. Financial assets | | |
| i. Trade receivables | 2,124.00 | |
| ii. Loans | 37.00 | |
| iii. Cash and cash equivalents | 2,880.00 | |
| iv. Other bank balance | 67.00 | |
| v. Current Investments | 10,193.00 | |
| iv. Others financial assets | 963.00 | |
| 4. Other current assets | 58.00 | |
| TOTAL ASSETS (A) | 16,481.00 | |
| LIABILITIES | | |
| 1. Financial liabilities | | |
| i. Trade payables | 305.00 | |
| ii. Other financial liabilities | 1,773.00 | |
| 2. Provisions | 1,226.00 | |
| 3. Other current liabilities | 8,007.00 | |
| TOTAL LIABILITIES | 11,311.00 | |
| Excess of assets over liabilities (A-B) | 5,170.00 | |

35 Share based payments to employee represents the Employee stock options granted by the Holding Company to the employees of the Company.

36 Section 135 of the Companies Act, 2013 and Rules made thereunder prescribe that every Company having a net worth of ₹ 500 crore or more, or turnover of ₹ 1,000 crore or more or a net profit of ₹ 5 crore or more during the immediately preceding financial year, shall ensure that the Company spends, in every financial year, at least 2% of the average net profits earned during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The Company does not satisfy any of the prescribed criteria mentioned above during the immediately preceding financial year, accordingly the provisions pertaining to corporate social responsibility as prescribed under the Companies Act, 2013 are not applicable to the Company.

CRISIL Ratings Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the nine months period ended December 31, 2020

- 37 The Company has considered internal and external information and has performed sensitivity analyses based on current estimates, in assessing the recoverability of receivables, unbilled revenues, intangible assets, other financial assets (including cash liquidity), and the profitability of the Company. Whilst the situation continues to be extremely dynamic, at present the Company does not see any material impact on the above. However, the actual impact of the pandemic on the Company's financial performance may differ from what is estimated, and the Company continues to monitor changes to future economic conditions.
- 38 Rent shown under other expense is an allocation from its Holding Company, therefore disclosure requirement of Ind AS - 116 Leases is not applicable on the Company.
- 39 The Board of Directors at its meeting held on February 9, 2021 have declared an interim dividend of Rupees 5.13 per equity share of face value of Rupee 1 each amounting to total Rupees 13,389 lakhs.
- 40 The National Company Law Tribunal vide their order dated November 11, 2020 has allowed Company to follow period January 1 to December 31 as its financial year as followed by its Holding Company for statutory financials statements under the Companies Act, 2013 requirements. Consequently, the current year shall be from April 1, 2020 to December 31, 2020 and first financial post change will begin from January 1, 2021.
- 41 The current financial year represents nine months period from April 1, 2020 to December 31, 2020 and hence not comparable to the previous period figures which represents period from June 3, 2019 to March 31, 2020.
- 42 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 Chandiook & Co LLP
Chartered Accountants

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

Sd/-
Manish Gujral
Partner
Membership No.: 105117

Sd/-
Gurpreet Singh Chhatwal
Managing Director
[DIN: 08740541]
Place: Mumbai

Sd/-
Holly Kay Kulka
Director
[DIN: 08812990]
Place: New York

Sd/-
Venkatesh Viswanathan
Chief Financial Officer
Place: Mumbai

Sd/-
Hiresh Dhakan
Company Secretary
Place: Mumbai

Place: Mumbai
Date: February 9, 2021

Date: February 9, 2021