

CRISIL LIMITED | ANNUAL REPORT 2013

MAKING MARKETS FUNCTION BETTER



In 2013, we launched CRISIL's new logo. The idea was to give it a contemporary look.

The blocks in the CRISIL logo stand for people, processes and values – the three things that set us apart as a brand. They integrate seamlessly to reflect CRISIL's winning combination of tightly knit businesses built around the theme of being a global analytical company. Externally we have sharpness, definition and shape; internally we are fluid, dynamic and growing.

In its totality, our logo resembles a well-fitting and efficient system, symbolic of our core purpose: making markets function better.

The new logo is a reflection of everything we are: modern, young, capable and ambitious.

... and these ones flag the strategic milestones of the year:



Analytics



Expanding Footprint



People



Corporate Social Responsibility



Innovation



Technology



Customer Wins



Insight



Thought Leadership

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Proxy Form and Attendance Slip

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CORPORATE OVERVIEW

MESSAGE FROM THE CHAIRMAN



CRISIL delivered a strong performance in 2013, despite a challenging environment. India saw a sharp slowdown in growth and investments. The global economy stabilised during the year, but at low levels of growth.

Among the highlights of the year was the release of CRISIL's seminal 'State Of The Nation' report, a unique 'top-down-meets-bottom-up' analysis on the Indian economy, sectors and companies.

Financial inclusion is a key economic and social imperative in India. Making an important contribution to this agenda, CRISIL launched 'Inclusix', the country's first index that objectively measures financial inclusion all the way to the level of each district.

CRISIL also launched a new logo with a contemporary look of a modern, young, capable and ambitious company. The design resembles a well-fitting and efficient system, symbolic of CRISIL's core purpose of making markets function better.

During the year, McGraw Hill Financial, Inc. (MHFI) increased its stake in CRISIL through an open offer. To me, that represents a vote of confidence in CRISIL, its leadership team, its talented employees, and the future of India.

CRISIL is well poised to continue its solid performance and remain a leading voice in the markets it serves.

Douglas L. Peterson

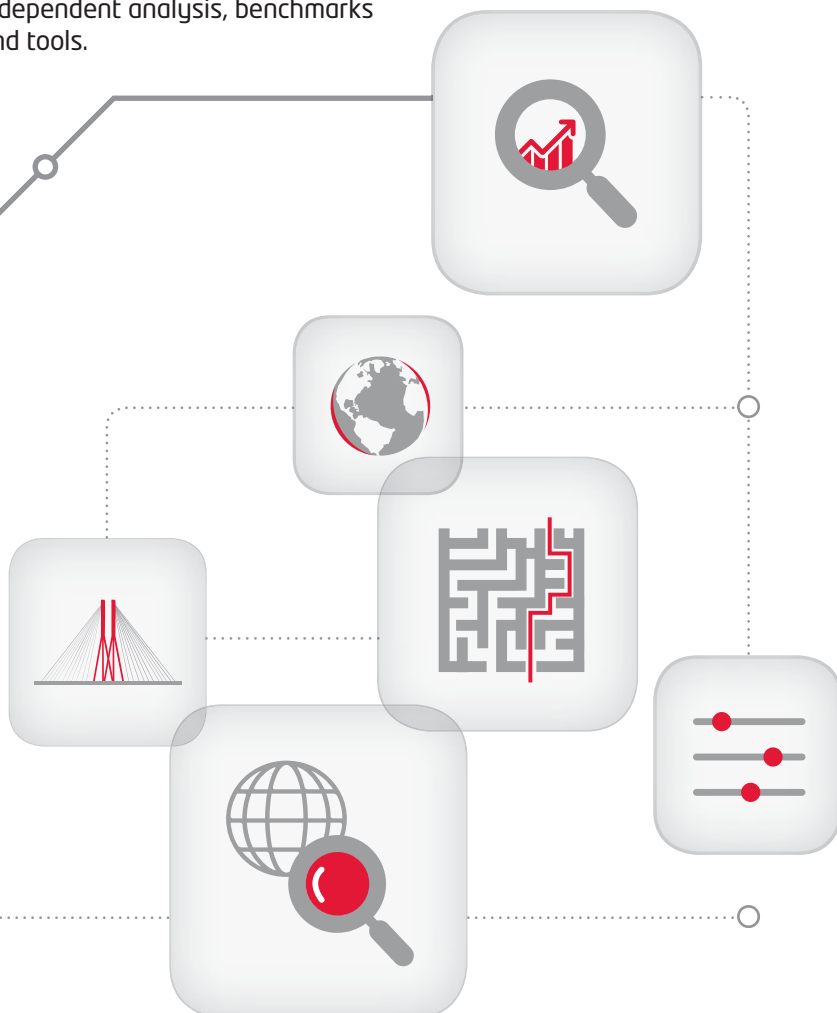
ABOUT CRISIL

We are a global analytical company providing ratings, research, and risk and policy advisory services, majority owned by Standard & Poor's (S&P), the world's foremost provider of credit ratings and a part of McGraw Hill Financial, Inc. (NYSE:MHFI).

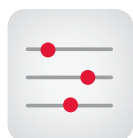
In India, we work with the country's largest corporations, financial institutions, SMEs, governments -- both at the

centre and in the states -- and policymakers. Globally, we serve the world's largest banks, leading corporations and governments.

We empower our customers and the markets at large with independent analysis, benchmarks and tools.



CRISIL BUSINESSES



RATINGS

GLOBAL ANALYTICAL CENTRE

- Bond Ratings
- Bank Loan Ratings
- SME Ratings
- Real Estate Star Ratings

RESEARCH



GLOBAL RESEARCH & ANALYTICS

- Financial Research
- Risk & Analytics
- Corporate Research
- Coalition



INDIA RESEARCH

- Economy & Industry Research
- Funds & Fixed Income Research
- Equity & Company Research

ADVISORY*



CRISIL INFRASTRUCTURE ADVISORY



CRISIL RISK SOLUTIONS

*Wholly owned subsidiary - CRISIL Risk and Infrastructure Solutions Limited

CRISIL RATINGS

We are India's leading credit rating agency. We pioneered the concept in 1987 and have since rated/assessed over 77,000 entities across 196 industry sectors in the country. These include 60,000 micro, small and medium enterprises – the biggest count by far for any country – and 17,000 large and mid-scale corporates and financial institutions. Our capabilities span the entire range of debt instruments: bank loans, certificates of deposit, commercial papers, non-convertible debentures, bank hybrid capital instruments, asset-backed securities, mortgage-backed securities, perpetual bonds and partial guarantees. We assist issuers and borrowers in enhancing their access to

funding, widening the range of funding alternatives and optimising the cost of funds. As for investors and lenders, we supplement their internal evaluation process and benchmark credit quality across investment options. We help the markets function better and also assist regulators in measuring and managing credit risks at a systemic level. Our ratings are used in the computation of capital adequacy in the banking sector and to determine the eligible investment pool for insurance companies, pension funds and provident funds.

Rated/assessed over 77,000 entities across 196 industry sectors in the country. These include 60,000 micro, small and medium enterprises – the biggest count by far for any country – and 17,000 large and mid-scale corporates and financial institutions.

CRISIL GLOBAL RESEARCH & ANALYTICS (CRISIL GR&A)

We are the world's largest and most preferred provider of high-end research and analytics, the largest provider of equity and fixed income research support, and the foremost provider of end-to-end risk and analytics services. Our equity research support enables coverage on 2,500 stocks globally, comprising 90% of global trading volumes and 85% of global market capitalisation. Our fixed income research supports 80% of the global structured finance market and over 60% of the global credit markets. Our 8 research centres in Argentina, China, India and Poland serve 12 of the top 15 global investment banks, more than a



dozen asset management companies, 3 of the top 15 global insurance companies, 2 of the top 10 global consulting groups and 37 Fortune 500 companies, among others. We have enabled global banks to achieve multi-million-dollar savings in research budgets, and up to 50% improvement in process efficiencies. We review over 20% of outstanding exotic equity derivatives globally, saving more than USD 100 million (marked-to-market impact) annually for investment banks.

Our equity research support enables coverage on 2,500 stocks globally, comprising 90% of global trading volumes and 85% of global market capitalisation. Our fixed income research supports 80% of the global structured finance market and over 60% of the global credit markets.

CRISIL RESEARCH

We are India's largest independent and integrated research house, providing insights, opinions, and analysis on the economy, industry, capital markets and companies to help our clients make informed lending, investment and strategic decisions, thereby mitigating and managing risk. We also play a key role in India's fixed-income markets. We cover 70 industry sectors and 139 sub-sectors and our clientele includes 1,200 Indian and global clients, 95% of India's banking industry by asset base, 15 of the top 25 Indian companies by market capitalisation, the entire



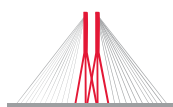
Indian mutual fund industry, the entire life insurance industry and the top 6 consulting firms in the world. We value over USD 960 billion of Indian debt securities, comprising 85% of outstanding securities, and rank Indian mutual fund schemes covering 70% of the assets under management (AUMs) worth USD 85 billion.

We cover 70 industry sectors and 139 sub-sectors.

We value over USD 960 billion of Indian debt securities, comprising 85% of outstanding securities, and rank Indian mutual fund schemes covering 70% of the assets under management (AUMs) worth USD 85 billion.

CRISIL RISK AND INFRASTRUCTURE SOLUTIONS LIMITED (CRIS)

CRISIL conducts its infrastructure advisory and risk solutions business through its subsidiary, CRISIL Risk and Infrastructure Solutions Limited (CRIS).



CRISIL Infrastructure Advisory: We work with regulators and governments, multilateral agencies, investors and large public and private sector firms to shape public policy, establish viable frameworks and enable infrastructure development. We work with clients in India and 22 other emerging economies in Asia, Africa and the Middle East across infrastructure sectors such as urban development, energy, natural resources, transport and logistics, healthcare and infrastructure finance.



CRISIL Risk Solutions: We provide a comprehensive range of risk management tools, analytics and solutions to financial institutions, banks, insurance companies and corporates in India, the Middle East, Africa, South Asia and Southeast Asia. We have helped over 50 banks and financial institutions adopt best practices in risk management, undertaken risk management assignments in 20 countries and provided risk management solutions to 8 of the top 10 banks in India.

We work with clients in India and 22 other emerging economies in Asia, Africa and the Middle East across infrastructure sectors

We provide a comprehensive range of risk management tools, analytics and solutions to financial institutions, banks, insurance companies and corporates in India, the Middle East, Africa, South Asia and Southeast Asia.

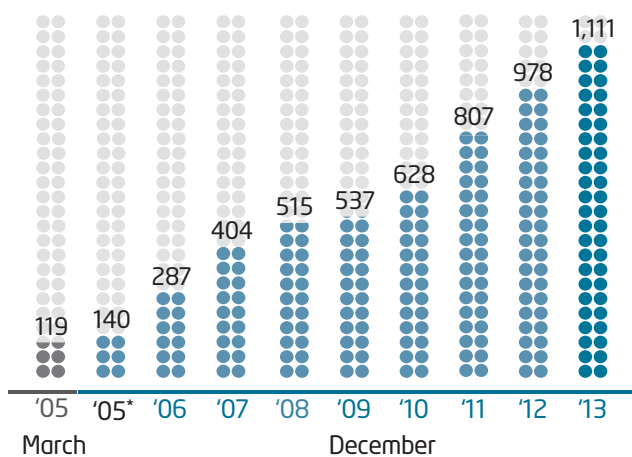
CRISIL'S

CONSOLIDATED TEN YEAR FINANCIAL HIGHLIGHTS

Income from operations

CAGR ▲ 29 %

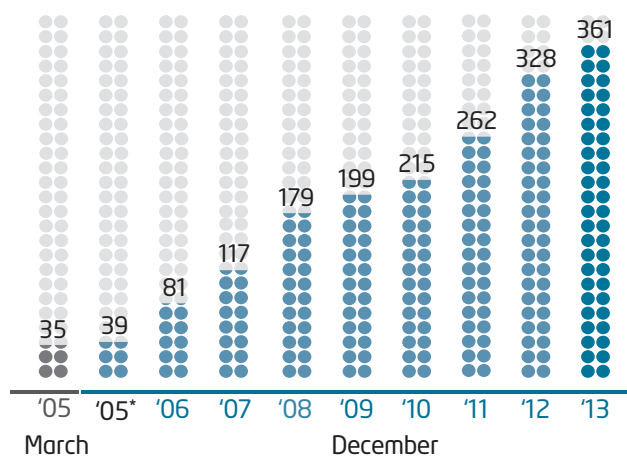
(Rs. in Crores)



EBITDA

CAGR ▲ 30 %

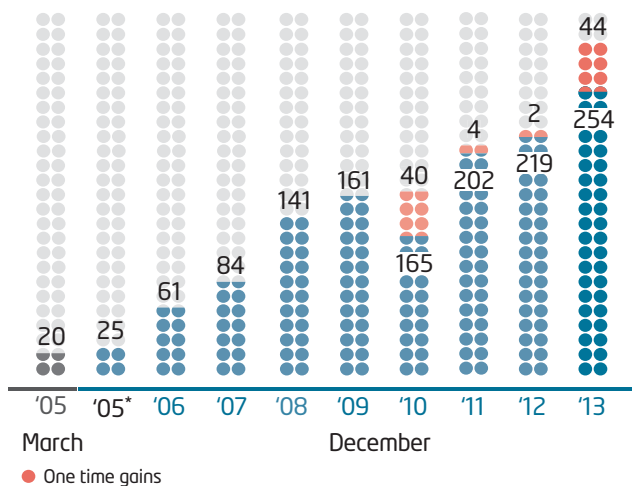
(Rs. in Crores)



Profit after tax

CAGR ▲ 36 %

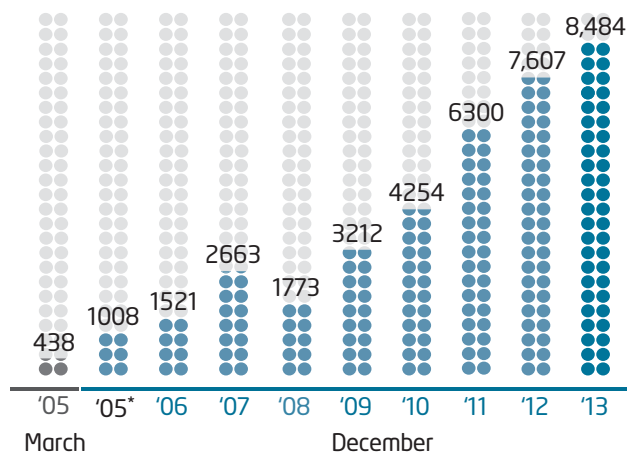
(Rs. in Crores)



Market capitalisation

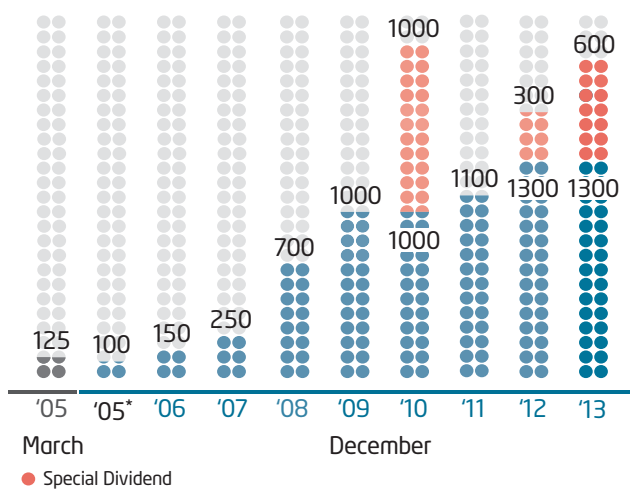
CAGR ▲ 40 %

(Rs. in Crores)



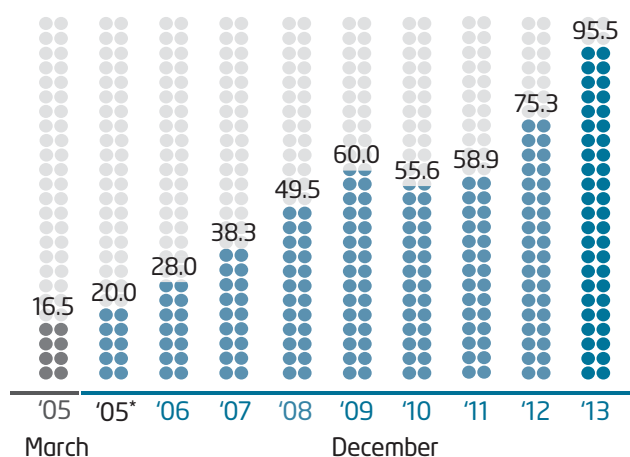
Dividend

(%)



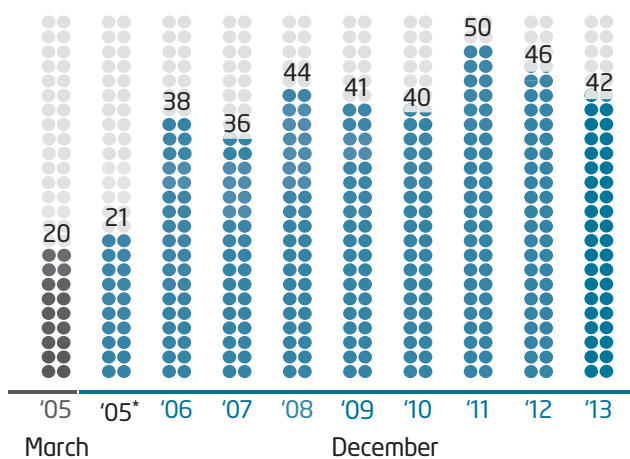
Net worth per share

(Rs.)



Return on net worth

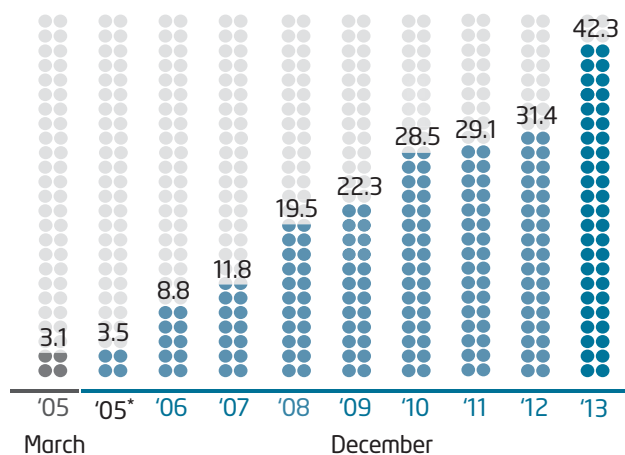
(%)



EPS (Basic)

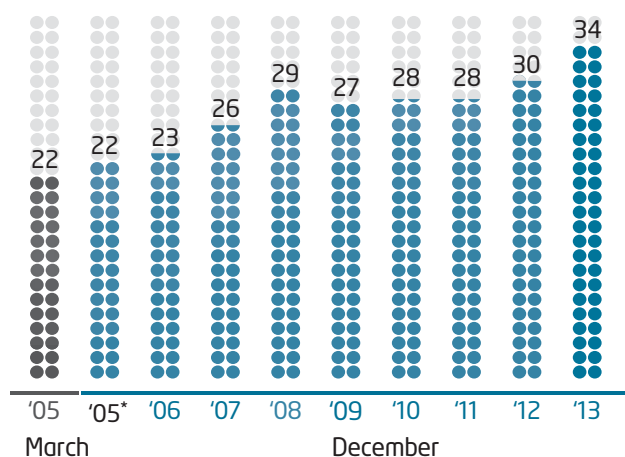
(Rs.)

CAGR ▲ 35 %



Income per employee

(Rs. In Lakhs)



*The figures are for 9 months ending December 31, 2005



2013:

A GLANCE



LAUNCH OF CRISIL INCLUSIX

CRISIL Inclusix, an index which comprehensively measures financial inclusion in India, was launched by the Honourable Finance Minister of India, Shri P. Chidambaram, along with Shri Rajiv Takru, Secretary, Financial Services, Ministry of Finance, Government of India, and Roopa Kudva, MD & CEO, CRISIL, at a function held in New Delhi.



(From left) Roopa Kudva, Shri P. Chidambaram and Shri Rajiv Takru, with the CRISIL Inclusix report at the launch



Shri P. Chidambaram leafs through the report as Shri Rajiv Takru looks on



Shri P. Chidambaram congratulates CRISIL on launching India's most comprehensive financial inclusion index

CRISIL'S

2ND ANNUAL SEMINAR ON EXPANDING INDIA'S CORPORATE BOND MARKET

CRISIL organised the 2nd annual seminar on expanding India's corporate bond market. The theme of the seminar was 'Financing India's Future'. It provided key insights into the functioning of the corporate bond market in India, how recent regulatory initiatives have led to an increase in the number of issuances, the entry of innovative instruments, and the way forward for the overall bond market.



(From left) Roopa Kudva, Shri U. K. Sinha, Chairman, Securities and Exchange Board of India (SEBI), Dr. Arvind Mayaram, Secretary, Department of Economic Affairs, Ministry of Finance, Government of India, and Mukesh Agarwal, President, CRISIL Research, launch 'The CRISIL Yearbook On The Indian Debt Market 2013'



Dr. K. P. Krishnan, Additional Secretary, Department of Economic Affairs, Ministry of Finance, Government of India, makes the opening remarks on the 'Challenges for growth of the bond market and way forward'



Roopa Kudva moderates a panel discussion on the subject, 'The Road to inflection point: How the rules of the game need to change'. Others in the panel are (from left) Dr. K. P. Krishnan, Shri R. K. Nair, Member (Finance), Insurance Regulatory & Development Authority of India, Milind Barve, Managing Director, HDFC Asset Management Company Limited, and B. Prasanna, Managing Director & CEO, ICICI Securities Primary Dealership Limited



(Extreme left) Ramraj Pai, President, CRISIL Ratings, moderates the panel discussion on the subject, 'India's Corporate Bond Market: Potential demand for Capital'. To his left are Nilesh Shah, Managing Director & CEO, Axis Capital Limited, Shri Chandan Sinha, Principal Chief General Manager, Reserve Bank of India, Jayesh Mehta, Managing Director, Bank of America NA, and Sameer Bhatia, President, CRISIL Infrastructure Advisory

2013: LOOKING BACK



January



CRISIL Global Research & Analytics organises a global web conference on 'Big Data's Big Impact on Businesses'



CRISIL Centre for Economic Research (C-CER) publishes a report on India's macroeconomic outlook for 2013-14



Dharmakirti Joshi, Chief Economist, CRISIL, makes a presentation on the Indian economy at the Society of Indian Automobile Manufacturers' (SIAM) Looking Ahead Conclave



February



Phase 2 of Pragati, CRISIL's financial awareness initiative, rolls out in Assam in partnership with the Rashtriya Gramin Vikas Nidhi (RGVN)





February



CRISIL Ratings discussion forum on 'Basel III for Indian Banks: The Capital Conundrum'

Shri Anand Sinha, Deputy Governor, Reserve Bank of India (RBI), makes the keynote address at the CRISIL Ratings discussion forum



CRISIL Ratings releases an insight titled 'Banks' provisioning to increase by Rs. 150 billion over 2013-15; RBI restructuring norms will strengthen confidence in asset quality'



CRISIL GR&A (Coalition) publishes

- Quarterly Coalition Index - an analysis of the performance of the top 10 global investment banks
- Semi-Annual IB League Table (ranking of the top 10 global investment banks)



CRISIL Research wins mandate as business review consultant from the National Pension System (NPS) Trust, set up under the aegis of the Pension Fund Regulatory Development Authority (PFRDA)



CRISIL Research bags a prestigious mandate from a global mining major to help it understand the growth dynamics of Indian states over the next 10 years

2013: LOOKING BACK



February



Manoj Mohta, Director, CRISIL Research, makes a presentation on 'Tapping into the India growth story - industry growth aspirations and expectations from the logistics community' at CII's Logistics Summit 2013



CRISIL Infrastructure Advisory assists the Food Corporation of India and the Department of Economic Affairs in developing modern food storage infrastructure as PPPs



March



Launch of CRISIL Foundation

(From left) Harold (Terry) McGraw III, Chairman of the Board and former President & CEO, McGraw Hill Financial, launches the CRISIL Foundation along with Roopa Kudva, MD & CEO, CRISIL, and Raman Uberoi, Chief Operating Officer, CRISIL





March



(Extreme left) **Sachin Nigam, President, CRISIL SME Ratings**, represents CRISIL at a panel discussion on '**Innovations in the MSME space & the way forward**' at a workshop organised by the International Finance Corporation (IFC) on MSME finance



CRISIL Risk Solutions launches a first-of-its-kind early warning solution called 'BRECON', which solves the critical problem of late detection of non-performing assets in the banking sector



April



CRISIL releases its Annual Default and Ratings Transition Study - 2012



2013: LOOKING BACK



April



CRISIL GR&A launches

- CI 360, a comprehensive web-based competitive intelligence (CI) platform, based on our unique framework that benchmarks the complete industry landscape



- COMPASS (Client Opportunity Mapping, Planning and Sizing System), a proprietary key account management (KAM) product, to help companies manage their long-term business relationships in a structured and systematic way



CRISIL GR&A launches Collateral Management and Portfolio Reconciliation to offer end-to-end solutions in the collateral management space



CRISIL GR&A (Coalition) wins mandate from a Swiss Investment bank - one of the top 15 globally



CRISIL Research introduces 23 new debt indices, including seven dollar-based ones, representing different maturities across the gilt, credit and money markets



CRISIL Infrastructure Advisory assists the Asian Development Bank (ADB) in developing a framework for PPPs for the healthcare sector in India



CRISIL Risk Solutions wins a mandate from HDFC Bank to automate its credit appraisal process



May



CRISIL-S&P joint seminar on the global economy and its implications for India's capital markets

Paul Sheard, Executive Managing Director and Chief Global Economist, S&P, delivers the keynote address at the CRISIL-S&P joint seminar



CRISIL rates corporate India's first inflation-indexed debenture issued by L&T



Yogesh Dixit, Senior Director, CRISIL SME Ratings, addresses the audience at the Microsoft Completely Boss Challenge. CRISIL was the knowledge partner for this national-level contest that aims to identify and celebrate outstanding business leaders from India's thriving mid-market segment



CRISIL GR&A organises a global web conference on 'Best Practices in Model Risk'

2013: LOOKING BACK



May



CRISIL GR&A wins mandate from a large Europe-based buy-side firm to support its portfolio managers in building an emerging market fund



Pratyush Prashant, Senior Director, CRISIL Infrastructure Advisory, makes a presentation on 'Key Considerations for Use of Public Private Partnership' at the Indonesia Infrastructure Fast Track Seminar Series organised by the Indonesian government



CRISIL Infrastructure Advisory assists the Ministry of Coal, Government of India, in formulating a methodology to fix the floor and reserve prices for coal block auctions under captive mining



Manish Jaiswal, Senior Director, CRISIL Risk Solutions, deliberates on 'Early Warning Signs in SME Portfolio' at the Small Business Banking Network (SBBN) CEO & Senior Leaders Round table 2013 held in Dubai





June



Honourable Finance Minister of India, Shri P. Chidambaram, along with Roopa Kudva, and Shri Rajiv Takru, Secretary, Financial Services, Ministry of Finance, launch the CRISIL Inclusix, an index that comprehensively measures financial inclusion in India



CRISIL Certified Analyst Programme's (CCAP) 6th batch commences. CCAP is a two-year intensive work-cum-study programme. It is aimed at developing world-class financial professionals for various analyst roles in CRISIL



CRISIL rates India's first BASEL III bond, issued by United Bank of India

2013: LOOKING BACK



June



Som Mittal, President, NASSCOM, and Roopa Kudva unveil 'Risk & Procurement Analytics: A Promising Future', a joint report by NASSCOM and CRISIL GR&A



CRISIL GR&A organises a global web conference on 'Converging global cross-asset correlation - key investment implications'



CRISIL and AMFI jointly launch a group of mutual fund performance indices



(From left) H. N. Sinor, Chief Executive, AMFI, Y. M. Deosthalee, Director, L&T Finance, Gautam Mehra, Executive Director - Tax & Regulatory Services, PricewaterhouseCoopers, Shri U. K. Sinha, Chairman, SEBI, Roopa Kudva, Milind Barve, Chairman, AMFI, and A. Balasubramanian, CEO, Birla Sun Life Asset Management Co., at the launch of the CRISIL-AMFI mutual fund performance indices



CRISIL Infrastructure Advisory assists the Ministry of Finance in Namibia in operationalising Namibia's PPP policy



July



CRISIL-S&P celebration to mark 10 years of the Global Analytical Centre



Douglas L. Peterson, President and CEO of McGraw Hill Financial, and Roopa Kudva unveil a logo created to mark the 10th anniversary of the Global Analytical Centre (GAC). The GAC works with S&P teams in the US, EMEA and the Asia-Pacific, providing ratings support across all domains.



CRISIL rates corporate India's longest-tenure bond - India's first 50-year bond issued by Mahindra & Mahindra



CRISIL rates India's first infrastructure debt fund, India Infra-debt Limited



(Extreme right) **Pawan Agrawal, Senior Director, CRISIL Ratings**, at a panel discussion on **non-government fixed income products** at the Indian Capital Markets Conference 2013 organised by the National Stock Exchange (NSE) and the New York University



2013: LOOKING BACK



July



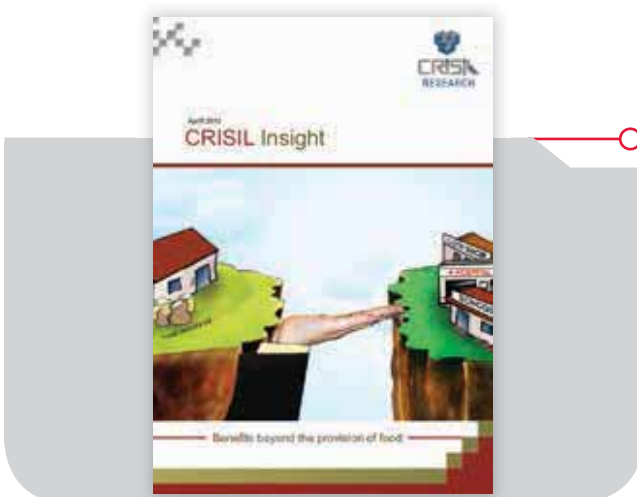
CNBC TV18-CRISIL Emerging India Awards 2013



(From left) Raman Uberoi, Vijay Chandok, President, International Banking and SMEs, ICICI Bank, N. R. Narayana Murthy, Executive Chairman, Infosys, Chanda Kochhar, MD & CEO, ICICI Bank, Shereen Bhan, Executive Editor, CNBC TV18, and, Senthil Chengalvarayan, Managing Editor, CNBC TV18, applaud the winners of the CNBC TV18-CRISIL Emerging India Awards 2013



CRISIL Research releases a publication titled 'Food Security Bill: Benefits beyond provision of food'



CRISIL Infrastructure Advisory initiates work with the Ministry of Urban Development to prepare and revise city development plans for 30 cities



August



CRISIL SME Ratings signs MoUs with The Federation of Indian Export Organisation (FIEO), The Jammu & Kashmir Bank Limited, Syndicate Bank and Bombay Chamber of Commerce and Industry (BCCI) for rating SMEs



CRISIL GR&A (Coalition) wins a mandate from one of the top 15 global investment banks in the US



Kotak Wealth Management and CRISIL Research launch the 'Top of the Pyramid' Report

(From left) Jaideep Hansraj, Business Head, Kotak Wealth Management, C. Jayaram, Joint Managing Director, Kotak Mahindra Bank Ltd, and Mukesh Agarwal, President, CRISIL Research, at the launch of the 3rd edition of the 'Top of the Pyramid' report



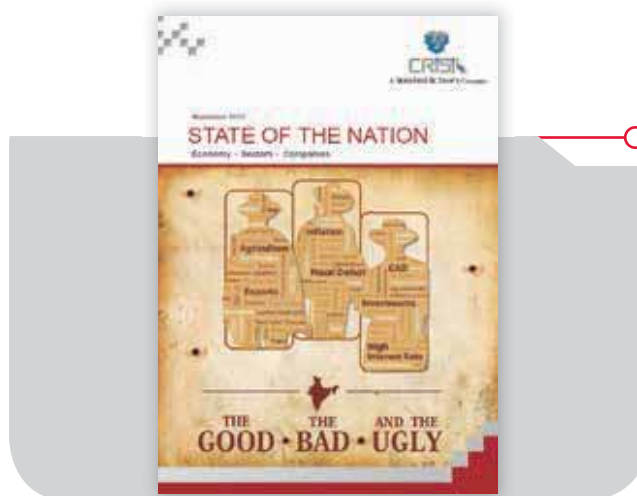
CRISIL Infrastructure Advisory initiates work with Asian Development Bank (ADB) to strengthen urban water supply regulation in Laos



September



CRISIL releases the 'State Of The Nation' report, a unique top-down-meets-bottom-up analysis to provide a holistic perspective on the Indian economy, sectors and companies



CNBC TV18 Panel Discussion: The Financial Inclusion Agenda



(From left) A. Krishna Kumar, MD, State Bank of India, Arun Tiwari, ED, Allahabad Bank, M. Narendra, Chairman & MD, Indian Overseas Bank, and, Roopa Kudva at **'The Financial Inclusion Agenda'** panel discussion organised by CNBC TV18





September



CI0100 Information Mastermind Special Awards 2013

Ramnath Iyer (centre), Chief Technology Officer, CRISIL, receives the Information Mastermind Special Awards 2013 at the 8th edition of the CI0100 Awards and Symposium. CRISIL won the award for its e-analytics project, which was implemented by the Ratings business



CRISIL GR&A wins mandates from two global investment banks for Model Validation



CRISIL GR&A organises a global web conference on 'Understanding Credit Risk Modelling: An Industry Perspective'



CRISIL GR&A (Coalition) launches Capital and Return Analytics that helps in the analysis of Return on Equity, Return on Assets and Risk Weighted Assets

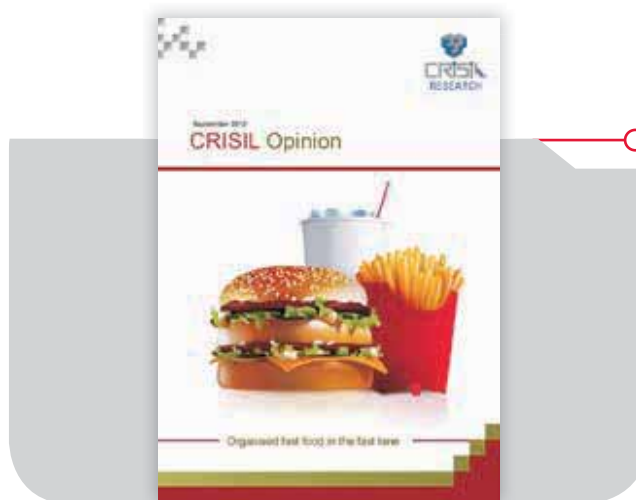
2013: LOOKING BACK



September



CRISIL Research releases a report titled, 'Organised fast food in the fast lane' on the quick service restaurants sector



(Extreme left) **Pratyush Prashant** at an investor road show held by the Government of Vietnam and World Bank for the **Dau Giay-Phan Thiet Expressway Project (DPEP Pilot PPP), in Hanoi, Vietnam**





September



(Extreme left) **Rakesh Bangera, Director, CRISIL Infrastructure Advisory**, at a conference on urban infrastructure organised by CII and CREDAI. As the knowledge partner, CRISIL Infrastructure Advisory releases a report on urban infrastructure in Hyderabad at the event



October



CRISILConnect, CRISIL's vibrant employee engagement platform, wins the Association of Business Communicators of India (ABCI) award - a bronze - for the second consecutive year



CRISIL Ratings releases report titled 'India Inc's credit quality on slippery wicket'

2013: LOOKING BACK



October



CRISIL launches Ratings Analytics, an interactive web-based platform. It is a first-of-its-kind, unique repository providing information on over 12,500 companies and 30,000 debt instruments rated by CRISIL Ratings



Gurpreet Chhatwal, Senior Director and Global Head, Risk and Analytics, CRISIL GR&A, chairs a session on credit and counterparty risk at the 19th Annual Risk USA Conference held in New York



The CRISIL GR&A Business Development team at the Consulting Summit, a premier annual event organised by the Consulting magazine, the flagship publication for consultants globally



CRISIL GR&A wins mandate from a large US-based asset management company to assist in writing investment commentaries



October



(Extreme left) **Dharmakirti Joshi** participates as a panelist in the 6th edition of the HR Summit organised by CII. The theme for the event was '**Reviving Economic Growth & Development: Leveraging Human Capital**'



CRISIL Risk Solutions wins its first mandate in Kuwait – an assignment for providing Internal Capital Adequacy Assessment Process (ICAAP) consulting to Al Ahli Bank



November



CRISIL's 2nd Annual Seminar on Expanding India's Corporate Bond Market

(From left) Roopa Kudva, Shri U. K. Sinha, Chairman, SEBI, Dr. Arvind Mayaram, Secretary, Department of Economic Affairs, Ministry of Finance, and Mukesh Agarwal, at the launch of 'The CRISIL Yearbook on the Indian Debt Market 2013'



2013: LOOKING BACK



November



CRISIL launches new logo



(From right) **Roopa Kudva** in conversation with Riju Vashisht, Executive VP, Walmart India, at the Global Advancement of Women Conference - India 2013



Roopa Kudva makes a presentation based on CRISIL's 'State Of The Nation' report at the Axis Capital Annual Institutional Investor Conference





November



CRISIL GR&A wins mandates from

- a large global investment bank for portfolio optimisation, a cutting-edge quant analytics work stream
- a Latin American wealth management and financial services firm



(From right) **Gurpreet Chhatwal and Vikas Tyagi, Director, Business Development, CRISIL GR&A, at the Annual Risk Management Conference 2013, Philadelphia**



CRISIL Research launches security-level valuation for all debt-securities held by mutual fund houses



2013: LOOKING BACK



November



CRISIL Research publishes report titled 'In terms of durables, Punjab is the most prosperous, MP the least'. The report released indices named Prosperity Index and Equality Index which measures and compares living standards between and within India's large states



Raman Uberoi makes a presentation on PPPs in India at a Summit organised by the Ministry of Finance and Asian Development Bank (ADB)



CRISIL's Bank Loan Ratings crosses the 15,000 mark



December



(Extreme right) **Ramnath Iyer wins the Dataquest Editor's Choice CIO Excellence Award 2013** for his role in applying technology to deliver superior analytics, improve processes and support the organisation's growth



(From left) **Saurabh Nigam, Director, Corporate Technology, CRISIL, receives the NEXT100 Award from Mylaraiah J, Country Manager, TE Connectivity.** The Award identifies 100 experienced IT managers who have the skills, talent and spirit to become CIOs (Chief Information Officers) in future



CRISIL Ratings releases a report titled 'Telcos' profit growth to double in 2 years'



CRISIL GR&A hosts a roundtable titled 'Conversation with the US Regulators' to provide greater clarity to the US banking industry on the emerging regulations and expectations in stress testing and model risk management



2013: LOOKING BACK



December



CRISIL Research releases a report titled 'Financing Fiscal Deficit through PSU Dividends'



CRISIL Research launches Research Plus, a new premium module of the web-based platform www.crisilresearch.com, to offer additional features including sector-wise ratings data, important industry news with CRISIL Research's commentary and sector-wise financial aggregates



CRISIL Risk Solutions wins mandate from NKGSB Bank, the first credit processing system mandate in cooperative banking segment



CRISIL's China research centre crosses the 50-people mark



CRISIL Gender Diversity:

- More than a third of the workforce comprises women
- Women constitute 14% of the leadership roles

(From left) Suprabha A. D., Global Head, Financial Research, CRISIL GR&A and Priti Arora, Senior Director, Global Analytical Centre, part of CRISIL's leadership team



PUBLICATIONS



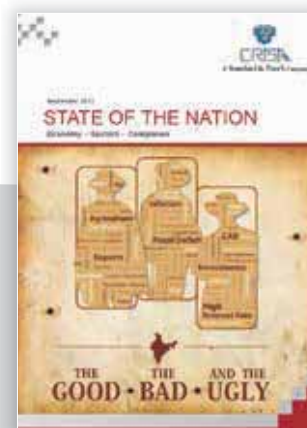
CRISIL

The CRISIL Inclusix report sums up the findings of CRISIL Inclusix, an index that comprehensively measures the progress of financial inclusion in India



The CRISIL Yearbook On The Indian Debt Market 2013, is India's first and one-of-its-kind comprehensive publication on the evolution of the Indian bond market in the last decade and its current status

CRISIL's 'State Of The Nation' report is a unique top-down-meets-bottom-up analysis that offers a holistic perspective on the Indian economy, sectors and companies



PUBLICATIONS

Ratings

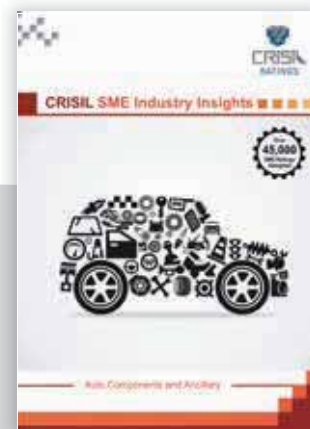
CRISIL Industry Insights series covers 20 industries and 6,846 CRISIL-rated entities



A CRISIL report on how ratings can catalyse the growth of MSMEs

Ratings

A CRISIL SME Industry Insight on auto components and ancillaries



Global Research & Analytics

The global investment manager survey report on cross-asset correlation



CRISIL Insight series on global economy and markets

PUBLICATIONS



Research

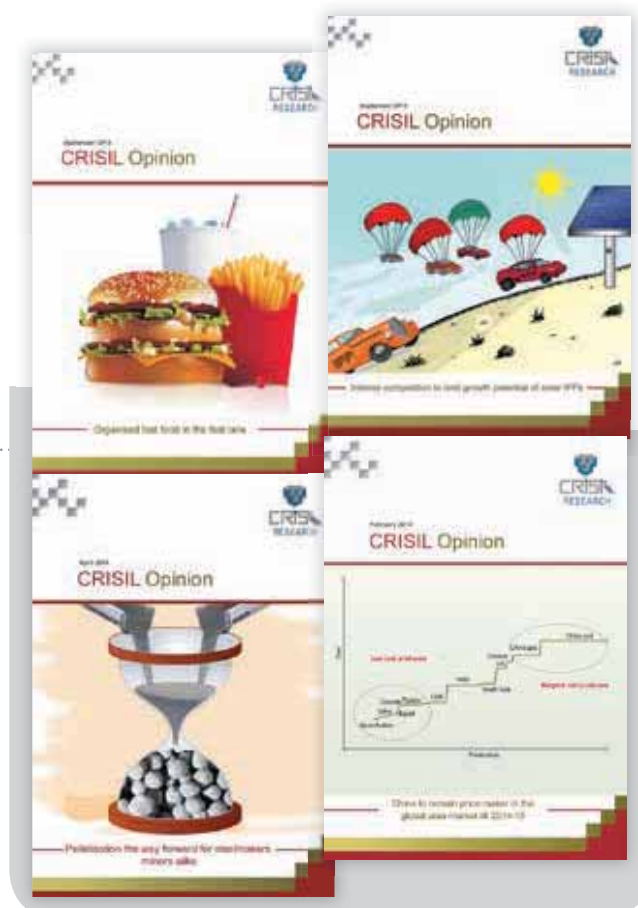
CRISIL Insight series
on the business
environment in India





Research

CRISIL Opinion series on key themes in the Indian economy and sectors



CRISIL Risk & Infrastructure Solutions

Decentralisation of Urban Growth – Promoting Satellite Cities, a study on how to improve the quality of life in urban India and make urban agglomerations more competitive



CRISIL IN MEDIA

THOUGHT LEADERSHIP*

THE FINANCIAL EXPRESS

Liquidity pressure a source of stress for companies: Crisil

By Bureau

Mumbai, Sept. 31: Nearly 90% of the Rs 100 billion debt held by Crisil-owned investment grade companies is maturing in the next 12 months, according to a report by Crisil. The report also says that the companies are facing liquidity stress due to the high cost of debt and the need to raise fresh capital to meet their obligations.

SIZE-WISE OPERATING INCOME BREAK-UP

Of the Rs 100 billion debt, the report said, 80% is held by the top 10 companies, while the remaining 20% is held by the rest of the companies. The report also says that the companies are facing liquidity stress due to the high cost of debt and the need to raise fresh capital to meet their obligations.

AGGREGATE CREDIT RISK

The report also says that the aggregate credit risk of the companies is Rs 100 billion, which is equivalent to 10% of the total credit risk of the banking sector.

THE HINDU

Mid-cap shares, a better bet: CRISIL

By S. Venkatesh

CRISIL's research report on mid-cap shares suggests that they are a better bet than large-cap shares for investors looking for growth. The report says that mid-cap companies are growing faster than large-cap companies and are also less volatile.

Period	CRISIL Midcap Index	CRISIL Largecap Index
1 Year	10.12	10.12
2 Year	10.12	10.12
3 Year	10.12	10.12
5 Year	10.12	10.12
10 Year	10.12	10.12

THE ECONOMIC TIMES

'A' Paper to Remember!

By S. Venkatesh

The report says that the companies are facing liquidity stress due to the high cost of debt and the need to raise fresh capital to meet their obligations.

DNA

How SMEs can overcome size and budget constraints to attract top talent

By S. Venkatesh

The report says that the companies are facing liquidity stress due to the high cost of debt and the need to raise fresh capital to meet their obligations.

CRISIL

CRISIL Midcap Index

By S. Venkatesh

The report says that the companies are facing liquidity stress due to the high cost of debt and the need to raise fresh capital to meet their obligations.

THE ECONOMIC TIMES

India's Bond Markets: Signs of Stirring?

By S. Venkatesh

The report says that the companies are facing liquidity stress due to the high cost of debt and the need to raise fresh capital to meet their obligations.

Business Standard

What a hard landing for the manufacturing sector means

By S. Venkatesh

The report says that the companies are facing liquidity stress due to the high cost of debt and the need to raise fresh capital to meet their obligations.

The Indian EXPRESS Crisil: Repayment record in CV loans hit three-year low

ENSECONOMIC BUREAU
MUMBAI, APRIL 8

DELINQUENCIES in commercial vehicle (CV) loans are increasing, with monthly collection ratio (MCR) of CV pools dropping below 95 per cent for the first time since 2009, rating agency Crisil has said. This decline in collection efficiency indicates that borrowers are increasingly delaying repayments with a likelihood of increase in non-performing assets (NPAs) over the next few quarters.

"Despite this weakness in CV pools, the performance of other retail asset classes, such as housing loans, car loans, and microfinance loans, remains stable," Crisil said. The median MCR of Crisil-rated securitised non-mortgage retail pools declined to 94.4 per cent for the quarter ended December 31, 2012, from 96.2 per cent for the corresponding quarter of the previous year, it said. Crisil has ratings outstanding on 80 securitised CV pools, aggregating Rs 17,700 crore in rated amount. These pools primarily contain vehicle assets, including loans provided for purchase of heavy and light CVs.

These loans have been originated and securitised by eight leading NBFCs. The performance of heavy CV loans is the weakest, because of a sluggish economy, industry overcapacity and increasing input costs.

Business Standard CRISIL SME TRACKER

Services have an edge over manufacturing

CRISIL has analysed the sales growth of 9,200 micro, small, and medium enterprises (MSMEs) in the manufacturing and service sectors. Their performance was analysed for the period from 2009-10 to 2011-12 (refers to financial year, April 1 to March 31). The analysis reveals that MSMEs in the service sector performed marginally better than their counterparts in the manufacturing sector. Service sector MSMEs achieved sales growth at a compound annual growth rate (CAGR) of 30.46 per cent, whereas manufacturing MSMEs registered a CAGR of 29.42 per cent in the evaluation period.



Growth of service-sector enterprises was driven mainly by MSMEs operating in the trading segment. Their high growth rate of 35.20 per cent can be partially attributed to the highly volume-driven nature of their business and the impact of inflation in the value of goods traded. In comparison, MSMEs in segments like hospitality, transport, education, broking, and consulting registered a growth rate of 24.66 per cent. The sample does not include key service sectors such as banking, financial services, and insurance (BFSI), as these activities are generally not undertaken by MSMEs, owing to their small size of operations.

Note: The analysis is based on the latest audited financial statements of CRISIL-rated MSMEs. Most enterprises finalise their audited financials by the end of the second quarter, after the closure of the financial year. CRISIL rates over 45,000 MSMEs in India. This fortnightly tracker presents to our readers insights on MSMEs, a

mint Direct plans outperform, but challenges remain

WAY FORWARD

Direct plans on the horizon and the impact of the new budget on the growth of the direct plans. The direct plans have been a major source of funds for the government since the introduction of the new budget in 2011. The direct plans have been a major source of funds for the government since the introduction of the new budget in 2011. The direct plans have been a major source of funds for the government since the introduction of the new budget in 2011.



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पायनियर क्रिसिल इन्क्लूसिक्स का शुभारंभ

क्रिसिल ने भारत के पहले विस्तृत वित्तीय समावेश इंडेक्स का निर्माण किया



नयी दिल्ली: वित्त मंत्री पी. चिदंबरम ने आज क्रिसिल इन्क्लूसिक्स को शुभारंभ किया। यह देश की वित्तीय समावेश में हुई प्रगति का आकलन करता है। इस इंडेक्स का एक संस्करण में वित्तीय समावेश के माध्यम से देश के विकास को बढ़ावा देने में मदद करेगा।

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Business Standard Demand slowdown the biggest worry for India Inc

RBI report says two of every three sectors would record lower revenue growth; forex vulnerability is the least severe of three factors



Sector	Outlook
Automotive	Steady
Chemicals	Steady
Construction	Steady
Electronics	Steady
Food processing	Steady
IT	Steady
Metals	Steady
Pharmaceuticals	Steady
Textiles	Steady
Telecom	Steady
Transport	Steady
Waste management	Steady
Water supply	Steady

The demand slowdown is the biggest worry for India Inc. The RBI report says two of every three sectors would record lower revenue growth. The demand slowdown is the biggest worry for India Inc. The RBI report says two of every three sectors would record lower revenue growth.

Business Line Telecom firms' profit growth will double in two years: Crisil

To ride on tariff hikes, increase in data and value-added services

CRISIL has projected that the profit growth of telecom firms will double in two years. This is due to the increase in tariff hikes, increase in data and value-added services. The telecom sector is expected to grow at a CAGR of 15 per cent over the next two years.

Business Standard Inflation trouble for RBI

CRISIL's Core Inflation Index (CII) is a measure of demand-side pressures in the economy. It is a key indicator for the RBI to monitor inflation.



The RBI is facing inflation trouble. The CRISIL's Core Inflation Index (CII) is a measure of demand-side pressures in the economy. It is a key indicator for the RBI to monitor inflation.

*These news articles have been printed with permission from the respective media houses.

CORPORATE SUSTAINABILITY INITIATIVES

SMALL DOSES OF GOOD, IN A SUSTAINED MANNER

The CRISIL Foundation shows the way

The CRISIL Foundation, launched on March 6, 2013 as the company's corporate social responsibility (CSR) platform, has since launched a host of initiatives aimed at giving back to the society.



Harold (Terry) McGraw III addresses CRISILites at the launch of the CRISIL Foundation

The Foundation's current activities can be broadly clustered under the following heads:

1. Fostering financial literacy/awareness:

Financial awareness forms an integral part of CRISIL's CSR agenda and integrates tightly with CRISIL's role of making markets function better.

- **Pragati:** In 2012, CRISIL launched a national financial awareness initiative called 'Pragati - Progress through Financial Awareness' in Assam in partnership with Rashtriya Gramin Vikas Nidhi (RGVN), a non-governmental organisation (NGO). Following its success, the initiative was scaled up this year to cover two more North-Eastern States - Sikkim and Tripura. Under this initiative, 50 large-scale financial literacy training camps were held across the three identified states, in addition to 90 household training programmes across Assam. At the end of the training, bank accounts are being opened for the participants in local bank branches.

Pragati has also been rolled out in Rajasthan's Pali district in partnership with Educate Girls, another NGO. The target audience



Pragati workshops in progress

initially comprised 30 youth leaders known as Team Balikas and 10 Educate Girls staff members from Pali district. Based on the success of the pilot, the initiative was rolled out across three districts of Rajasthan – Sirohi and Jalore, besides Pali – covering 1,508 Team Balikas. These Team Balikas, in turn, will support promotion of financial awareness across 4,000 schools and the surrounding communities.

- **Volunteering to promote financial literacy:** CRISIL Foundation launched a focused volunteering programme in partnership with Swadhaar, a Mumbai-based NGO. Under this programme, employees volunteer their time for various activities like imparting financial literacy training, tracking and monitoring household budget diaries, developing business entrepreneurship modules, tracking tools and other similar activities.

2. Promoting financial inclusion:

- **CRISIL Inclusix:** Honourable Finance Minister of India, Shri P. Chidambaram along with Shri Rajiv Takru, Secretary, Financial Services, Ministry of Finance and Roopa Kudva launched CRISIL Inclusix, an index that comprehensively measures financial inclusion in India. The index uses a statistically robust, transparent, and easy-to-understand methodology. It is a relative index on a scale of 0 to 100 and combines three critical parameters of basic banking services – branch penetration, deposit penetration and credit penetration – into one metric. Over time, as consistent and comprehensive data become available, additional services like insurance and microfinance can be added.
- **Path to progress through financial Inclusion:** CRISIL partnered Bloomberg TV India and Financial Inclusion Network & Operations Limited (FINO) as a knowledge partner for a series of panel discussions in five states on the theme 'Path to progress through financial inclusion'. Shri Montek Singh Ahluwalia, Deputy Chairman, Planning Commission of India, was the guest of honour at the event in New Delhi. CRISIL prepared five co-branded reports based on the panel discussions in each of these states. RBI Deputy Governor Shri K. C. Chakrabarty released the consolidated report in the grand finale held in Mumbai.
- **Payment by Results (PbR):** The CRISIL Foundation, along with Educate Girls, launched PbR, a mechanism for funding social sector initiatives, for the first time in India.



Path to Progress through Financial Inclusion Report

CORPORATE SUSTAINABILITY INITIATIVES

3. Giving back to society

- **Uttarakhand relief:** Around Rs. 15 lakh was donated through payroll contribution by employees of CRISIL and its subsidiary companies. This donation was handed over to United Way Mumbai, an NGO which organised relief and rehabilitation of the communities devastated by the Uttarakhand flash floods.
- **Joy of Giving activities:** This year, the Joy of Giving week was extended to three weeks. Various activities were organised to promote the spirit of volunteering among employees:
 - Cause-related awareness and donations were promoted through 'Wish Trees' set up at four office locations. Employees donated Rs. 59,260 through 'Wish Trees', which promoted causes like girl child's education, disability aids and sports utility items for underprivileged children.
 - A collection drive was organised at CRISIL. Over 6,822 articles of clothes, toys, books and stationery were collected in around two weeks.
 - Multiple NGOs were invited to exhibit their products at various office locations of CRISIL. These NGOs sold goods worth Rs. 25,605.
 - CRISIL promoted the cause of financial literacy under the India Giving Challenge, by supporting RGVN - Pragati's partner in the North-East. Employees made a contribution of Rs. 4,42,857 from their payroll accounts to support the NGO.



'Joy of Giving' moments

- **Saying 'thank you' to the Mumbai Police:** CRISIL expressed its gratitude to Mumbai Police for their selfless service to the community by presenting rain-suits to the Powai police force.



D.R. Nagaraj, Associate Director, Security & Safety presenting a rain suit to Y.L. Jadhav, Senior Inspector, Powai Police Station

- **Spreading awareness about Green Buildings:** Students from Bombay Scottish School were taken on a tour of CRISIL House, one of the very few Platinum-rated LEED certified buildings in the country, and introduced to the environment-friendly operating practices adopted by the organisation.



Students from Bombay Scottish School at the CRISIL House Atrium

- **Running for a cause:** This year too CRISIL encouraged its employees to take part in the 'Run Powai Run' marathon, which saw over 161 CRISILites participate. CRISIL sponsored 100 of its employees who participated in the marathon. The sponsorship amount will be utilised by The Rotary Club, Mumbai Lakers, to set up a computer education centre at Vidya, an NGO providing education for underprivileged children and youth.



Euphoria overcomes exertion for CRISILites after the run



STATUTORY REPORTS

BOARD OF DIRECTORS



MR. DOUGLAS L. PETERSON
Chairman

Mr. Douglas L. Peterson is President and Chief Executive Officer of McGraw Hill Financial, a leader in credit ratings, benchmarks and analytics for the global capital and commodity markets. Mr. Peterson, 55, was elected President and Chief Executive Officer of McGraw Hill Financial, effective November 2013. He joined the Company in September 2011 and served as President of Standard & Poor's Ratings Services.

Previously, Mr. Peterson was the Chief Operating Officer of Citibank, N.A., Citigroup's principal banking entity that operates in more than 100 countries. Mr. Peterson was with Citigroup for 26 years, during which time he transformed businesses and drove performance in investment and corporate banking, brokerage, asset management, private equity, and retail banking. His prior roles include CEO

of Citigroup Japan, Country Manager for Costa Rica and Uruguay, and Chief Auditor of Citigroup.

Mr. Peterson serves on the Board of Directors of McGraw Hill Financial, the Federal Deposit Insurance Corporation's Systemic Resolution Advisory Committee, the Institute of International Finance's Market Monitoring Group, the Boards of Advisors of Wharton Financial Institutions Center and the Kravis Leadership Institute, and the Boards of Trustees of Claremont McKenna College and the Paul Taylor Dance Company.

Mr. Peterson received an MBA from the Wharton School at the University of Pennsylvania and an undergraduate degree in mathematics and history at Claremont McKenna College.



MR. H. N. SINOR
Director

Mr. H. N. Sinor has been a veteran banker having spent over four decades in banking. Starting his career in 1965, he has worked in Central Bank of India, Union Bank of India and ICICI Bank from where he retired in May 2003. During his long career, he worked in various capacities both in the public sector as well as in the private sector banks. He was Managing Director and CEO of ICICI Bank from July 1997 to March 2002 and post merger of ICICI with ICICI Bank, he became Joint Managing Director till his superannuation. He, thereafter, joined Indian Banks' Association as

Chief Executive where he was the spokesperson for the Banking Industry from June 2003 to 2008. Later, in February 2010, he joined Association of Mutual Funds in India, in a similar capacity where he continues till now. He is also an Independent Director on boards of several companies in ICICI Group and the Tata Group, besides being Non-Whole-time Chairman of 3i Infotech Limited and Themis Medicare Limited.

BOARD OF DIRECTORS



DR. NACHIKET MOR
Director

Dr. Nachiket Mor is a Yale World Fellow; has a Ph.D. in Economics from the Graduate School of Arts and Sciences at the University of Pennsylvania, with a specialization in Finance from the Wharton School; an MBA in Finance from the Indian Institute of Management, Ahmedabad; and an undergraduate degree in Physics from the Mumbai University.

Dr. Mor worked with ICICI from 1987 to 2007 and was a member of its Board of Directors from 2001 to 2007. From 2007 to 2011, he served as the founding President of ICICI Foundation and during this period was also the Chair of the Governing Council of IFMR Trust and Board Chair of FINO. He is now the Board Chair of CARE India and, among others, is also a member of Reserve Bank of India's Eastern Area Local Board and Central Board; and the Boards of IKP Centre for Technologies in Public Health and CRISIL. In the past he has also served as a Board Member of Wipro for five years and Board Chair of the Fixed Income Money Market and Derivatives Association of India for two years.

During 2011-12 he served as a member of the High Level Expert Group on Universal Health Coverage appointed by the Planning Commission, and during 2012-13 as a member of the Health Sub-Committee of the National

Advisory Council. He currently serves as a member of the RBI Board of Director's Standing Committee on Financial Inclusion; the Research Advisory Council of the RBI's Centre for Advanced Financial Research and Learning; and the Standing Council of Experts on the Indian Financial Sector of the Ministry of Finance, Government of India.



MR. M. DAMODARAN
Director

Mr. M. Damodaran is a member of the premier Indian Administrative Service (IAS), Manipur-Tripura cadre, since 1971, and has held a number of important positions in both the Central and State Governments and in India's Financial Sector, before demitting office as Chairman, Securities and Exchange Board of India (SEBI) in 2008. After a career spanning several regulatory and developmental assignments in the state of Tripura, he was appointed as its Chief Secretary in 1992, the youngest ever in the country to hold such a position in the State Government. Thereafter, he worked as Joint Secretary in the Ministry of Finance, Banking Division, for five years, dealing with Government's ownership functions of Public Sector Banks and being its interface with Reserve Bank of India (RBI). In 2001, he was appointed the Chairman of Unit Trust of India (UTI) to rescue India's largest and oldest investment institution which had collapsed. His restoring of UTI to health and strength is widely acknowledged as the most successful turnaround story in India's Financial Sector. He was simultaneously given charge of Industrial Development Bank of India (IDBI), another of India's major financial institutions, which too was restructured by him in an innovative manner, pulling it back from the brink, transforming it to a bank, and merging it with another commercial bank. As Chairman of SEBI, he brought improved practices to India's securities market. During his tenure at SEBI, he was elected Chairman of 80 member Emerging Markets Committee of the International Organisation of Securities Commissions (IOSCO).

He is presently Advisor and Chief Representative in India for the ING Bank of Netherlands and a Director on Boards of some of India's leading companies. He is the founder of Excellence Enablers, an initiative that addresses coaching and mentoring needs of corporate India and focuses on improvement of Board performance. He is the Chairman of Glocal Healthcare Systems, a recent pioneering pan-India effort to provide quality healthcare at affordable costs to Indians in the underserved rural areas. He is the Chairman of Ministry of Corporate Affairs Committee for Reforming the Regulatory Environment for doing Business in India. He has been appointed by the Government of India as the first Chairman of the Society and Board of Governors of the Indian Institute of Management (IIM), Tiruchirappalli.

He is widely acknowledged as one of India's foremost champion of Corporate Governance and has won several awards for Leadership, Governance, Transformation and Public Service. His areas of expertise include Financial Management, Securities Markets, Corporate Governance, Public Administration and Leadership. He is presently an independent consultant and corporate advisor, coach and mentor and sits on the Boards of several reputed companies.

BOARD OF DIRECTORS



MS. VINITA BALI
Director

Ms. Vinita Bali is presently the Managing Director of Britannia Industries, India's publicly listed premier food company with 2013 revenue in excess of USD 1 Billion. She took this role in January 2005 following 16 years of overseas assignments in a variety of leadership positions in marketing and general management with eminent multinationals like The Coca-Cola Company and Cadbury Schweppes PLC. Ms. Vinita Bali has lived and worked in the UK, Nigeria, South Africa, Chile and the USA, in addition to India.

In the nine years that Ms. Vinita Bali has been in Britannia, she has significantly diversified the product and geographic portfolio and delivered the highest ever growth. Britannia has also been at the forefront of several initiatives to address malnutrition, both as a part of its business model and through the Britannia Nutrition Foundation, created in 2009.

Ms. Vinita Bali also serves as an Independent Director on the Boards of Syngenta International AG and GAIN, in addition to other corporate boards in India. Ms. Vinita Bali is one among 27 global leaders appointed by the UN to help improve maternal and child health as part of its "Scaling up Nutrition" initiative.

Ms. Vinita Bali has been recognised in forums nationally and internationally and won several awards for her various contributions to business.



MR. DAVID PEARCE
Director

Mr. David Pearce is a Senior Vice President, Finance for Standard & Poor's and McGraw-Hill Financial - EMEA and Asia-Pacific. He joined Standard & Poor's in 1997 when McGraw-Hill acquired Micropal, where he was Group Financial Controller. Following the acquisition, he served as Finance Director for Standard & Poor's Funds Services, as Vice President and European Controller for the McGraw-

Hill Companies and as Vice President, European Finance for Standard & Poor's.

Mr. David Pearce is a Board Member for a number of international legal entities, most notably CRISIL Limited, Standard & Poor's CMS Europe Limited and Standard & Poor's CMS Srl (Italy).



MR. YANN LE PALLEC
Director

Mr. Yann Le Pallec is Standard & Poor's Executive Managing Director for Europe, Middle East, and Africa (EMEA). Mr. Yann Le Pallec is a member of Standard & Poor's Ratings Services Executive Committee and reports to Mr. Neeraj Sahai, its President.

Based in Paris, Mr. Yann Le Pallec leads a team of over 500 ratings analysts and support staff operating from 11 offices: Paris, London, Frankfurt, Madrid, Milan, Moscow, Stockholm, Dubai, Johannesburg, Tel Aviv, and Istanbul. Standard & Poor's is the market leader in credit ratings in EMEA, covering more than 1,000 companies, financial institutions, insurers, public sector entities, and sovereigns.

Before his appointment in December 2011, Mr. Yann Le Pallec occupied various managerial and analytical positions at S&P including Head of EMEA Corporate and Government Ratings (from August 2010 until December 2011), Regional Practice Leader for EMEA Sovereign, International Public Finance and Insurance Ratings (from July 2009 until August 2010), Regional Practice Leader for EMEA Insurance Ratings (from December 2006 until July 2009).

Before joining S&P in 1999, Mr. Yann Le Pallec was a senior manager with Paris-based audit firm Salustro Reydel. He holds a masters' degree in Business from Ecole Supérieure des Sciences Economique et Commerciales (ESSEC) in France.



MR. RAVINDER SINGHANIA
Alternate Director

(alternate to Mr. Douglas L. Peterson, Mr. David Pearce and Mr. Yann Le Pallec)

Mr. Ravinder Singhania is the Managing Partner of Rajani, Singhania & Partners, Advocates & Solicitors. Mr. Singhania currently serves on the Board of several multinational companies' Indian subsidiaries such as National Instruments, American Bureau of Shipping etc. as well as listed companies such as Unitech Limited. He is the former Governing Body Member of Indian Council of Arbitration and Vice Chairman of Asia Pacific Committee of American Bar Association. He is a member of the Law Society of England & Wales, Chartered Institute of Arbitrators, London as well

as the Supreme Court Bar Association. He is a consultant to the World Bank and Organization for Economic Co-Operation and Development (OECD). He is a Co-Chairman of Law & Justice Committee of PHD Chamber of Commerce.

Mr. Singhania is the country representative for Sweet & Maxell's International Company & Commercial Law Review and has also authored India chapters in books titled "Product Liability in Asia Pacific" and "Employment Laws in Asia". He holds a bachelors degree in Commerce and Law from Delhi University. He is admitted to practice law in India as an Advocate and as a Solicitor of the Supreme Court of England and Wales.

BOARD OF DIRECTORS



MS. ROOPA KUDVA
Managing Director and
Chief Executive Officer

Ms. Roopa Kudva is Managing Director and Chief Executive Officer of CRISIL. Ms. Kudva was appointed Managing Director and Chief Executive Officer of CRISIL in 2007. CRISIL has evolved under her leadership into a diversified analytical platform with a global client base and delivery footprint, while remaining the undisputed thought leader in all its segments. During her tenure, CRISIL has pioneered several innovations including rating of mid-sized and small Indian companies, and the publication of independent equity research in India.

Earlier, she led CRISIL's ratings business, and also led CRISIL's foray into global research and analytics.

Ms. Kudva regularly features in lists of the most powerful women in business compiled by prominent publications, including Fortune and Business Today. She was chosen as 'Outstanding Woman Business Leader of The Year' at CNBC TV18's 'India Business Leader Awards 2012'.

Ms. Kudva is a member of several policy-level committees relating to the Indian financial system, including committees

of the Securities and Exchange Board of India and the Reserve Bank of India. She has also been a member of the Executive Council of NASSCOM.

Ms. Kudva holds a postgraduate diploma in management from Indian Institute of Management, Ahmedabad (IIM-A) and also received the 'Distinguished Alumnus Award' from her alma mater.

SENIOR MANAGEMENT

Ms. Roopa Kudva

Managing Director & Chief Executive Officer, CRISIL

Mr. Arun Panicker

Chief Analytical Officer - CRISIL Ratings

Mr. Ramraj Pai

President, Business Head - Ratings, Large Corporates

Mr. Subodh Rai

Senior Director, Business Head - Ratings, Mid-Corporates

Mr. Sachin Nigam

President, Business Head - Ratings, SME

Mr. Gurpreet Chhatwal

Senior Director - Global Head of Risk & Analytics

Ms. Suprabha A. D.

Senior Director - Global Head of Financial Research

Mr. Ramnath Iyer

Senior Director - Global Head of Corporate Research and Chief Technology Officer

Mr. Pankaj Jain

Senior Director - Global Head of Sales

Mr. Stephane Besson

Chief Executive Officer, Coalition

Mr. Mukesh Agarwal

President - CRISIL Research

Mr. Raman Uberoi

President - Corporate Affairs

Mr. G. Ravishankar

President - Human Resources and Strategy

Mr. V. Srinivasan

Chief Operating Officer

COMMITTEES OF THE BOARD

(as reconstituted effective February 14, 2014)

1. AUDIT COMMITTEE

Mr. H. N. Sinor, Chairman
Mr. M. Damodaran
Dr. Nachiket Mor
Mr. David Pearce

2. NOMINATION AND REMUNERATION COMMITTEE

Mr. H. N. Sinor, Chairman
Ms. Vinita Bali
Mr. Douglas L. Peterson

3. STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. M. Damodaran, Chairman
Mr. Yann Le Pallec
Ms. Roopa Kudva

4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Dr. Nachiket Mor, Chairman
Ms. Vinita Bali
Ms. Roopa Kudva

5. INVESTMENT COMMITTEE

Ms. Vinita Bali, Chairperson
Mr. M. Damodaran
Mr. David Pearce
Ms. Roopa Kudva

6. ALLOTMENT COMMITTEE

Dr. Nachiket Mor, Chairman
Ms. Vinita Bali
Mr. M. Damodaran
Ms. Roopa Kudva

CHIEF FINANCIAL OFFICER

Mr. Dinesh Sharma

COMPANY SECRETARY

Mr. Neelabja Chakrabarty

AUDITORS

S. R. Batliboi & Co. LLP, Chartered Accountants

SOLICITORS

Wadia Ghandy & Co.

BANKERS

ICICI Bank Limited
Andhra Bank
Citibank N.A.
HDFC Bank Limited
Deutsche Bank

SHARE TRANSFER AGENT

Karvy House, 21, Avenue - 4,
Plot No.17 to 24, Near Image Hospital,
Vittalrao Nagar, Madhapur,
Hyderabad - 500 081
Phone No. 040-23420818-828
Fax. No. 040-23420814

REGISTERED OFFICE

CRISIL House,
Central Avenue,
Hiranandani Business Park,
Powai, Mumbai - 400 076



DIRECTORS' REPORT

Dear Member,

The Directors are pleased to present to you the 27th Annual Report of CRISIL Limited, along with the audited accounts, for the year ended December 31, 2013.

PERFORMANCE

A summary of the Company's financial performance in 2013:

(Rupees in crore)

Particulars	Standalone		Consolidated	
	2013	2012	2013	2012
Total income for the year was	832.18	759.25	1,147.28	998.10
Profit before depreciation and taxes was	312.57	294.21	397.19	348.01
Deducting depreciation of	23.22	23.92	37.92	34.32
Profit before exceptional item	289.35	270.29	359.27	313.69
Exceptional item	99.36	-	65.89	-
Profit before tax was	388.71	270.29	425.16	313.69
Deducting taxes of	107.52	77.42	127.33	93.29
Profit after tax was	281.19	192.87	297.83	220.40
The proposed appropriations are:				
Dividend	134.15	112.32	134.15	112.32
Corporate dividend tax	23.02	18.22	23.15	18.34
General reserve	28.12	19.29	28.12	19.29
Balance carried forward is	95.90	43.04	112.42	70.45

DIVIDEND

The Directors recommend for approval of the members at the Annual General Meeting to be held on April 17, 2014, payment of Final Dividend of Rs. 4 and a Special Dividend of Rs. 6 per equity share of face value of Re. 1 each for the year under review. During the year, the Company paid three interim dividends of Rs. 3 each per equity share of face value of Re. 1 each. The total dividend for the year works out to Rs. 19 per share on a face value of Re. 1 per share in 2013 (including a Special Dividend of Rs. 6 per share) as against Rs. 16 per share (including a Special Dividend of Rs. 3 per share) on a face value of Re. 1 per share in the previous year.

VOLUNTARY OPEN OFFER BY MCGRAW HILL FINANCIAL, INC.

During the year, McGraw Hill Financial, Inc. ("MHFI"), through its subsidiary McGraw-Hill Asian Holdings (Singapore) Pte Limited, announced a Voluntary Open Offer to the shareholders of CRISIL Limited under Regulation 6 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 to acquire up to 15,670,372 equity shares, representing 22.23% of the total equity shares outstanding in CRISIL Limited, at a price of Rs. 1,210 per share.

The offer was made by McGraw-Hill Asian Holdings (Singapore) Pte Limited ("the acquirer") along with S&P India LLC, Standard & Poor's International LLC and McGraw Hill Financial, Inc., in their capacity as "Persons acting in Concert" with the acquirer.

The tender period under the offer was from July 24, 2013 to August 6, 2013. The total number of shares tendered under the Offer was 10,623,059 representing 15.07% of the share capital of the Company. Consequently, the shareholding of MHFI increased from 52.77% to 67.84% of the share capital of the Company.

INCREASE IN ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL

During the year, the Company issued and allotted 402,080 equity shares of the Company to eligible employees on exercise of options granted under Employee Stock Option Scheme - 2011 and 15,070 equity shares of the Company to eligible employees on exercise of options granted under Employee Stock Option Scheme - 2012. Consequently, the issued, subscribed and paid-up capital of the Company increased from 70,235,740 equity shares of Re. 1 each to 70,652,890 equity shares of Re. 1 each.

SALE OF SHAREHOLDING IN INDIA INDEX SERVICES AND PRODUCTS LIMITED

During the year, CRISIL sold its equity shareholding in India Index Services and Products Limited (IISL), CRISIL's joint venture with the National Stock Exchange of India Limited. CRISIL sold 637,000 equity shares of IISL of face value Rs. 10 each, representing 49% of the total equity share capital of IISL, to NSE Strategic Investment Corporation Limited for a total consideration of Rs. 100 crore.

REVIEW OF OPERATIONS - 2013

A. RATINGS

Highlights

- Announced 3,106 new bank loan ratings (BLRs); total BLRs outstanding exceed 12,100
- Assigned 12,857 SME ratings during the year
- Increased support to Standard & Poor's through Global Analytical Centre (GAC), adding more groups and more complex analytical requirements on a larger scale

Business Environment

The Indian economy and business environment remained subdued during 2013 owing to slowing demand, high inflation and tight liquidity, made worse in the second half by a volatile rupee and high interest rates. All this meant a weak investment climate - with large projects getting deferred - and subdued debt markets.

Bond market issuances saw a trend reversal - the volume dropped 13% in the first half of this year compared with a 39% growth seen in the year ending March 31, 2013, primarily due to a decrease in issuances from the regular issuers. But in a sign of structural strengthening of the bond market, the number of issuers accessing the bond market increased, led by private sector players.

The securitisation market sagged in 2013 because lack of clarity on taxation issues curbed investor appetite for structured paper.

BLRs, however, continued to show healthy growth, with numerous small corporates opting for ratings despite the sluggish environment. The BLR market is expected to remain buoyant due to the growing trend among small companies, of getting their loans rated.

The bond market could rebound in the latter half of 2014 if expectations of a stable domestic business environment, higher growth and lower interest rates materialise. Measures taken by policymakers and regulators to develop the bond

CRISIL Ratings instituted several innovations aimed at development of the corporate bond market in 2013. We rated India's first:

- Basel III-compliant Tier-II bond
- Inflation-indexed debenture
- Infrastructure debt fund - NBFC

market and the improving macroeconomic environment are expected to strengthen the market's long-term prospects.

SME ratings showed healthy growth during the year despite the challenging business environment. Enhanced awareness about the benefits of ratings, banks' growing acceptance of CRISIL's SME ratings, and CRISIL's intensive outreach initiatives and expansion into new markets are expected to drive demand in 2014.

Operations

CRISIL Ratings maintained its market leadership in 2013 backed by strong performance in its bond ratings, bank loan ratings and SME ratings businesses. CRISIL announced 3,106 new BLRs and 12,857 SME ratings during the year. It has till date assigned more than 15,600 BLRs and 60,000 SME ratings/assessments. CRISIL Real Estate Star (CREST) Ratings has been well accepted in the real estate sector

CRISIL announced 3,106 new BLRs and 12,857 SME ratings during the year. It has till date assigned more than 15,600 BLRs and 60,000 SME ratings/assessments.

and witnessed significant demand this year, with leading developers across cities choosing to get their projects rated by CRISIL.

In 2013, CRISIL Ratings rated various innovative instruments in the corporate bond market, such as India's first Basel III-compliant Tier-II bond, the first inflation-indexed debenture, the first 50-year rupee bond and the first infrastructure debt fund through the NBFC route. These innovations were well received by the market and are seen as significant milestones in the deepening of the corporate bond market in India.

CRISIL Ratings continued to conduct regular outreach programmes aimed at providing insights on credit issues to investors and market participants. These included opinion pieces, bankers' meetings, investor discussion forums and seminars which helped CRISIL reach out to relevant stakeholders including issuers and investors across the country.

GAC continues to be closely integrated with Standard & Poor's Ratings Services, extending the scope of its support into areas such as risk and rating operations, deepening the engagement in structured finance ratings, and broadening the scope of support in Europe and the Asia-Pacific.

B. RESEARCH

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

[Includes Financial Research / Risk & Analytics (Irevna), Corporate Research and Coalition]

Highlights

- Added large and marquee clients including a number of buy-side and private equity firms, global financial institutions and corporates
- Investments in the Risk & Analytics vertical and a product-based go-to-market strategy in Corporate Research are providing impetus to new client addition
- Coalition grew strongly by adding new global investment banks as clients and successfully launching new products

Business Environment

In 2013, the global economic environment remained subdued despite an improvement over 2012. The European economy remained weak with no near-term signs of recovery, while the US economy was on a recovery path. In 2013, the global banking industry remained stressed with lower profitability despite recovery in trading volumes in certain asset classes. Banks are focusing on improving cost-to-income ratios of their businesses, which led to stretched decision cycles, tough pricing negotiations and tight client budgets.

The Coalition Index that tracks the performance of top 10 global investment banks for 2013 was down 4% after growing 10% in 2012. It is a strong barometer of the performance of the global investment banking industry. The Coalition Index 2013 total revenues of USD 153 billion continue to be far behind the year 2009 number of USD 223 billion. In 2013, Fixed Income Currency and Commodities (FICC) revenues declined by 19% (grew by 20% in 2012) as the European Central Bank canned Long Term Refinancing Operations (LTRO) and institutional activity decreased. In contrast, 2013 revenues from equity products surged by 24% after a 6% decline witnessed in 2012. Equity as an asset class returned the best results since 2010. In 2013, Investment Banking revenues from mergers and acquisition, debt capital markets and equity capital markets grew by 13% after a modest growth of 1% in the previous year.

In the Financial Research vertical, we witnessed several client additions on the buy-side. We also continued to pursue a number of mid-tier and regional banks across the globe. Addition of mid-tier banks to the client roster in 2012 augmented role additions in 2013.

The continued focus and introduction of new service offerings in the Risk & Analytics vertical, has resulted in a number of clients engaging with us for our services to help mitigate the

challenges they are facing due to rapid regulatory changes. Building on the first-mover advantage in the global markets and derivatives space, we have quickly achieved scale in new work streams such as model validation and stress-testing support.

During the year, a revised go-to-market strategy provided growth momentum in the Corporate Research vertical. A mid-year launch of web-based products using CRISIL's proprietary frameworks resulted in positive client responses and additions to the client base.

In 2013, Coalition delivered a strong performance driven by its core Competitor and Client Analytics, which reported solid growth, and the recently launched RWA (Risk Weighted Assets) Analytics, which enjoyed a strong start. A comprehensive media strategy in each region has delivered results, leading to significant improvement in our reach among prospective clients. Coalition added new clients among the top 20 global investment banks and renewed its exclusive relationship with a leading consulting firm.

Operations

Investments made in 2012 towards new approaches - sales team, work streams and go-to-market strategies - began showing results in 2013. This has led to an expansion of our existing customer base, addition of clients in newer work streams and strengthening of relationships with existing clients. We also took a number of steps to manage costs through pruning of database costs, reduction in IT and infrastructure costs by consolidating research centres and tighter control of headcount.

In the Risk & Analytics vertical, we built scale of operations in model validation and stress-testing by hiring number of subject experts, developing robust training modules and putting in place strong process and quality measures. These steps have resulted in positive client feedback and opened new avenues of engagement.

In Corporate Research, we took steps to productise the institutional knowledge built over the years by serving global Fortune 500 companies in the areas of Key Account Management and Competitive Intelligence. We launched two new products in the market - COMPASS, a key account management product, and CI 360, a competitive intelligence tool. Both products are built on strong analytical frameworks that provide actionable insights to clients. The feedback from clients on these has been very positive.

Coalition continued its tradition of new product innovation and launched Risk Weighted Assets (RWA) product that witnessed a strong start. Coalition continued to grow its

existing suite of analytics products by adding a number of new clients.

Our global research centres continue to scale up. The China research centre grew rapidly in 2013. We have expanded our client roster in Argentina and moved into a larger facility to accommodate growth plans.

This year also saw a series of high-impact thought-leadership initiatives on topical issues, that shape decision-making by our customers. Our global web conferences on critical topics saw active participation of fund managers, research analysts, academicians and the media across the Americas, Europe and Asia. We hosted a roundtable conference on risk analytics and published a comprehensive report on risk and procurement analytics at the NASSCOM Big Data and Analytics Summit 2013. We have also initiated a relationship with a leading industry education body to produce research.

Our global research centres continue to scale up. The China research centre grew rapidly in 2013. We have expanded our client roster in Argentina and moved into a larger facility to accommodate growth plans.

B.2. India Research

Highlights

- Launched 'Research Plus' to further enhance our leading, near-real-time web platform offering economy, industry and company research
- Rolled out security-level valuations for the debt securities owned by mutual funds
- Launched 'CRISIL-AMFI Mutual Fund Performance Indices' jointly with the Association of Mutual Funds in India across five categories

Business Environment

The business environment remained challenging, with the lowest GDP growth in a decade and a virtual halt in investments. This has impacted demand for research in India, which is seen as a discretionary expense. To counter this, we continued to focus on enhancing our current offerings, launching relevant new products, sharpening our value proposition and increasing client engagement which will support growth in coming years. An expected improvement in the economic outlook in 2014 and a possible revival in the investment cycle augur well, too.

The slowdown in equity fundraising and capital market activities impacted demand for equity research and IPO grading, while a sharp slowdown in corporate investment cycle impacted demand for customised research. On the other hand, industry research and funds and fixed-income research displayed steady growth.

Operations

CRISIL Research continued to proactively launch products that address the evolving market dynamics.

As part of our ongoing efforts to enhance the utility of our flagship industry research product, we have added new premium content to our near-real-time web platform www.crisilresearch.com, offering economy, industry and company research. The new module, called Research Plus, offers additional features, including sector-wise ratings data and important industry news with CRISIL Research's commentary and sector-wise financial aggregates.

We focused on building capabilities in project viability studies. Our high-quality research and customer orientation is reflected in the repeat business that we have won from clients.

As a mark of our commitment to providing solutions that make markets function better, we successfully rolled out security-level valuations for the debt securities owned by mutual funds. Independent security-level valuations from CRISIL Research will ensure uniformity in prices used by mutual funds for valuation of debt securities.

In addition, CRISIL Research and the Association of Mutual Funds in India (AMFI) jointly launched the CRISIL-AMFI Mutual Fund Performance Indices across five categories to represent the performance of various mutual fund categories and enable comparison with benchmarks across timeframes and market cycles.

The CRISIL Centre for Economic Research (C-CER) continued to focus on research on the macroeconomic situation in India, consistently building CRISIL's franchise in Indian and global media, and positioning the company as the foremost analytics-based commentator on the economy. C-CER published a number of high impact thought leadership articles covering a range of contemporary macroeconomic issues like food security, GDP and standard of living across states which received wide recognition from market participants and the media.

C. INFRASTRUCTURE ADVISORY AND RISK SOLUTIONS

CRISIL conducts its infrastructure advisory and risk solutions business through its subsidiary, CRISIL Risk and Infrastructure Solutions Limited (CRIS).

C.1. CRISIL Infrastructure Advisory Business

Highlights

- Continued focus on international business and working with multilateral agencies resulted in execution of a number of high-profile assignments
- Worked with central and state government departments in formulating, advising and implementing plan and policies in the areas of urban development, coal, food and power

Business environment

The economic environment in India continued to be challenging during the year, particularly for the infrastructure sector. Several projects were stuck, or made little progress, owing to lack of policy and regulation clarity, while the milieu impacted the viability of some others. The stress in the financial sector compounded the challenges.

We won large and prestigious mandates in Indonesia, Laos and Vietnam in Southeast Asia, and Tanzania, Malawi and Namibia in Africa.

The investments of USD 1 trillion envisaged in infrastructure in India during the 12th Five Year Plan period present a sizeable opportunity over a medium term. However, we expect a muted first half in 2014, given the general elections. Investments in the infrastructure sector are likely to pick up only in the second half of the year as clarity emerges on key policies.

Operations

There was sharper focus on Africa and Southeast Asia, which got a boost from long-term multilateral spending programmes this year. We won large and prestigious mandates in Indonesia, Laos and Vietnam in Southeast Asia, and Tanzania, Malawi and Namibia in Africa.

We saw a significant increase in the average ticket size of business won during the year following better focus and cherry-picking of mandates.

The business has also built up a healthy order book to sustain growth during 2014.

C.2. CRISIL Risk Solutions (CRS)

Highlights

- Saw much success in new markets such as Egypt, Kuwait and Philippines
- Launched a first-of-its-kind early warning solution, 'BRECON', aimed at solving the critical issue of early detection of non-performing assets in the banking sector

Business environment

The overall business environment led to slower decision-making amongst potential clients, but there was increasing traction in the latter part of the year with banks expressing a need to implement risk management systems and framework. CRS products and services across the risk spectrum are, therefore, likely to be in increasing demand, especially for improving the credit quality and assessment processes.

Operations

CRS maintained its focus on both consulting and software solutions, and won 22 mandates in 2013.

CRS offerings enable banks to comply with regulatory risk requirements. CRS moved a step ahead by assisting banks in moving beyond compliance through its enhanced product suite of credit processing systems for loan life cycle management and a unique early warning system which proactively assists banks in identifying potentially delinquent accounts.

These products will help banks augment their best practices in credit risk management and have been developed by leveraging on CRISIL's pedigree in credit risk assessment.

CRS reached out to newer markets across EMEA and Southeast Asia, got new mandates and built a strong pipeline for future growth.

There were multiple franchise initiatives undertaken during the year. CRS conducted a knowledge-sharing seminar on operational risk in Singapore which 46 banks attended. CRS was the lead speaker on Early Warning System in the Small Business Banking Network Seminar at Dubai which was attended by more than 60 banks. CRS also continued with its engagements with the Reserve Bank of India through presentations and training on risk management.

D. COLLABORATION WITH STANDARD & POOR'S

In 2013, CRISIL jointly organised a seminar with Standard & Poor's titled 'The global economic outlook and its impact on the Indian capital markets'. The keynote address titled 'Global Economic Outlook' was delivered by Paul Sheard, S&P's Chief Global Economist. S&P's Asia-Pacific Chief Economist Paul Gruenwald participated in a panel discussion titled 'How are Asian economic and sovereign trends shaping the Indian capital markets'. Ramraj Pai, President, CRISIL

CRS reached out to newer markets across EMEA and Southeast Asia, got new mandates and built a strong pipeline for future growth.

Ratings, and Dharmakirti Joshi, Chief Economist, CRISIL, made presentations on the outlook for India's debt markets and economy, respectively.

In addition, C-CER continued to provide an outlook on the Indian economy to S&P.

The collaboration between S&P Risk Solutions (now Capital IQ) and CRISIL Risk Solutions, which was initiated last year to jointly reach out to global markets, progressed well in 2013. We saw increased traction in newer geographies such as Saudi Arabia, Egypt and the UAE with large-ticket mandates from these regions this year. Leveraging on our synergies, we plan to expand our global footprint with increased traction and business from both EMEA and Southeast Asia in 2014.

E. CONTINUING THE THOUGHT LEADERSHIP TRADITION

In 2013, we launched the CRISIL Inclusix, released the 'State Of The Nation' report and hosted the 2nd Annual bond market seminar that significantly enhanced the thought leadership position of CRISIL.

CRISIL Inclusix

In June, CRISIL launched Inclusix, an index that comprehensively measures financial inclusion in India at the national, regional and district levels. It was launched by Honourable Finance Minister of India, Shri P. Chidambaram and Shri Rajiv Takru, Secretary, Department of Financial Services, Ministry of Finance at an event attended by leading representatives of the government and industry. The analytical excellence behind the index's development and its usefulness in measuring and furthering the cause of financial inclusion in the country was well appreciated.

The State Of The Nation report

In September, CRISIL released the 'State Of The Nation' report, a top-down-meets-bottom-up analysis using data from 2,481 CRISIL rated investment-grade companies across 70 sectors. The report was well appreciated for its incisive take on what was 'good', 'bad' and 'ugly' about the Indian economy, and received widespread media coverage. Its timing - coming as it did in the middle of the raging national debate on stagnating growth - helped create a major impact.

Annual bond market seminar

CRISIL organised the 2nd Annual seminar on expanding India's corporate bond market in November with the theme 'Financing India's Future'. It was attended by around 300 senior executives and government functionaries. The distinguished speakers included Shri U. K. Sinha, Chairman, Securities and Exchange Board of India (SEBI),

Dr. Arvind Mayaram and Dr. K. P. Krishnan, Secretary and Additional Secretary, respectively, the Department of Economic Affairs, Ministry of Finance, Government of India and Shri R. K. Nair, Member (Finance), Insurance Regulatory Development Authority. Several corporate leaders also participated in two high-powered panel discussions organised at the event. CRISIL's observations on the bond market and the way forward resonated well with stakeholders and policymakers. We also released 'The CRISIL Yearbook On The Indian Debt Market 2013'.

F. HUMAN RESOURCES

Highlights

- The CRISIL Young Leaders Development Programme was launched for mid-management employees. It aims to develop leaders through structured interventions, stretch assignments and mentoring.
- Global offices continued to build the CRISIL GR&A brand through partnership with premier universities, sponsorship of events and job fairs.
- The focus continued on employee development through in-house training modules. With over 97% of the programmes being delivered by in-house trainers and business leaders, it aggregated to over 23,298 manhours or 3,883 mandays, with over 693 training programmes conducted in the year.

Our talent development programme was strengthened with the formation of a Talent Council, whose mandate is to draw up people strategies and ensure the leadership pipeline across the organisation stays robust. The Council reviewed progress made by individuals under different programmes twice during the year.

G. SUBSIDIARIES

As on December 31, 2013, the Company had four Indian and seven overseas wholly owned subsidiaries. The Ministry of Corporate Affairs, Government of India, has granted a general exemption under Section 212 (8) of the Companies Act, 1956 from the requirement of attaching detailed financial statements of each subsidiary. The Board of Directors has passed a resolution on October 18, 2013 for not attaching individual annual reports of its subsidiary companies to its Annual Report. In compliance with the exemption granted, a statement containing brief financial details of these companies is included in the Annual Report. Annual accounts of subsidiary companies and related information will be made available to shareholders who seek such information.

H. DIRECTORS

CRISIL has made changes in its Board of Directors in January 2014 in view of the upcoming regulations which specify a maximum tenure of 10 years for independent directors. Even though this provision is applicable on a prospective basis and only once the new regulations come into force, the Board of Directors of CRISIL felt it would be important to follow the spirit of the provision to maintain the highest standards of corporate governance. Accordingly, two independent directors, Mr. B.V. Bhargava and Ms. Rama Bijapurkar, who have spent more than 10 years on the Board of Directors of CRISIL, had stepped down.

Mr. B.V. Bhargava resigned as Director of the Company on January 13, 2014. Your Directors wish to place on record their sincere appreciation of the valuable contribution made by him to CRISIL.

Ms. Rama Bijapurkar resigned as a Director of the Company on January 13, 2014. Your Directors wish to place on record their sincere appreciation of the valuable contribution made by her to CRISIL.

The Board of Directors appointed Mr. M. Damodaran and Ms. Vinita Bali as Additional Directors of the Company with effect from January 14, 2014 and February 14, 2014 respectively. Mr. M. Damodaran and Ms. Vinita Bali hold office as Additional Directors until the next Annual General meeting.

In accordance with the Articles of Association of the Company and the provisions of the Companies Act, 1956, Dr. Nachiket Mor, Mr. Douglas L. Peterson and Mr. Yann Le Pallec retire by rotation and being eligible, seek re-appointment.

I. AUDITORS

During the year under review, as per the internal policy of the statutory auditors, M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, wherein they rotate the partners for each of their clients after every 3-5 years, Mr. Jayesh Gandhi had replaced Mr. Shrawan Jalan as partner for reviewing the accounts of CRISIL.

M/s S. R. Batliboi & Co. LLP, Chartered Accountants, hold office up to the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Board recommends their re-appointment.

J. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

The Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is annexed to this report.

K. CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standards of corporate governance and adhering to the corporate governance requirements as set out by SEBI. The report on corporate governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report. The certificate from the auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under Clause 49 is annexed to this report.

L. OTHERS

L.1 Particulars Regarding Conservation of Energy, Technology Absorption, and Foreign Exchange Earnings and Expenditure

Particulars regarding foreign exchange earnings and expenditure appear as separate items in the notes to the Accounts. Since the Company does not own any manufacturing facility, the other particulars relating to conservation of energy and technology absorption stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

L.2. Particulars of Employees

During the year, 36 employees received remuneration of Rs. 6 million or more per annum. In accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 and the rules framed thereunder, the names and other particulars of employees are set out in the annexure to the Directors' Report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to the shareholders without this annexure. Shareholders interested in obtaining a copy of the annexure may write to the Company Secretary at CRISIL's registered office.

L.3. Directors' Responsibility Statement as Required under the Provisions Contained in Section 217(2AA) of the Companies Act, 1956

Your Directors hereby confirm that:

- (i) In the preparation of the annual accounts for financial year ended December 31, 2013, the applicable accounting standards have been followed.
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on December 31, 2013 and of the profit of the Company for the year ended on that date.

- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors have prepared the annual accounts for financial year ended December 31, 2013 on a 'going concern' basis.

Employee Stock Option Schemes

The Company has two employee stock option schemes. The Employee Stock Option Scheme - 2011 (ESOS 2011) was approved by the shareholders vide a special resolution passed through postal ballot on February 4, 2011. The Employee Stock Option Scheme - 2012 (ESOS 2012) was approved by the shareholders vide a special resolution passed through postal ballot on April 10, 2012.

Summary Information on ESOS 2011 and ESOS 2012 of the Company is provided as Annexure to this Report. The information is being provided in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended.

Acknowledgements

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

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

H. N. Sinor
Director*

Mumbai, February 14, 2014

* Chairman of the meeting of the Board of Directors held on February 14, 2014.

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION REQUIRED TO BE DISCLOSED UNDER SECURITIES AND EXCHANGE BOARD OF INDIA (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999

Sr. No.	Description	ESOS 2011	ESOS 2012
1	Pricing formula	100% of the closing market price immediately prior to the date of grant on the Stock Exchange which recorded highest trading volume	100% of the closing market price immediately prior to the date of grant on the Stock Exchange which recorded highest trading volume
2.	Options outstanding as on January 1, 2013	930,500*	891,700
3.	Options granted between January 1, 2013 and December 31, 2013	Nil	Nil
4.	Options vested during the year	434,000	178,140
5.	Options exercised during the year	401,780	15,070
6.	Total number of shares arising as a result of exercise of Options	401,780	15,070
7.	Options lapsed during the year	59,500	116,165
8.	Total number of options in force at the end of the year	469,220	760,465
9.	Money realised by the exercise of options (Rs. in crore)	23.30	1.60
10.	Grant to Senior Management	Details given below	Details given below
11.	Diluted earnings per share pursuant to issue of shares on exercise of option calculated in accordance with AS 20 'Earnings per Share' (Rs.)	37.49	37.49
12.	Weighted average exercise price (Rs.) of the options whose :		
	a. Exercise price equals market price	579.88	1,060.00
	b. Exercise price is greater than market price	N.A.	N.A.
	c. Exercise price is less than market price	N.A.	N.A.
13.	Weighted average fair value (Rs.) of the options whose :		
	a. Exercise price equals market price	184.49	320.08
	b. Exercise price is greater than market price	N.A.	N.A.
	c. Exercise price is less than market price	N.A.	N.A.
14.	Method of calculating Fair Value of options	The fair value of the options granted has been estimated using the Black-Scholes option pricing Model. Each tranche of vesting has been considered as a separate grant for the purpose of valuation. The assumptions used in the estimation of the same are given below.	

ANNEXURE TO THE DIRECTORS' REPORT

SIGNIFICANT ASSUMPTIONS USED FOR ESTIMATE OF FAIR VALUE

Variables	ESOS 2011	ESOS 2012
Stock Price (Rs.)	586.00	1,068.00
Volatility	34.77%	30.44%
Risk free Rate	8.03%	8.40%
Exercise Price (Rs.)	579.88	1,060.00
Time to Maturity	3.68	3.69
Dividend yield	2.37%	2.23%

Notes:

- 1) *After the sub-division of shares from Rs. 10 per equity share to Re. 1 per equity share with effect from October 1, 2011.
- 2) None of the employees were granted, in any one year, options equal to 5% or more of total options granted during that year.
- 3) None of the employees were granted, in any one year, options equal to 1% or more of the issued capital of the Company at the time of grant.
- 4) There was no variation of the terms of options granted.
- 5) Options granted to Senior Managerial Personnel up to December 31, 2013, are as follows :

Sr. No.	Name	ESOS-2011 (number of options granted)	ESOS- 2012 (number of options granted)
1.	Roopa Kudva	40,000	25,000
2.	Raman Uberoi	30,000	15,000
3.	Arun Panicker	30,000	15,000
4.	Mukesh Agarwal	22,000	18,000
5.	Ramraj Pai	22,000	18,000
6.	G. Ravishankar	22,000	8,000
7.	Sachin Nigam	-	5,000

- 6) The Company uses intrinsic value method to record compensation cost arising on account of grant made under Employees Stock Option Schemes 2011 and 2012. The Company has not recorded any compensation cost as the grant has been given at the market price. Had the Company recorded the compensation cost on the basis of Fair Valuation method instead of intrinsic value method, employee compensation cost would have been higher by Rs. 16.28 crore and Earning Per Share (EPS) would have been as under :

Earnings Per Share : Nominal value of Re. 1 per share

Details	Year ended December 31, 2013	Year ended December 31, 2012
Basic (Rupees)	37.60	26.55
Diluted (Rupees)	37.49	26.41

ANNEXURE TO THE DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS REPORT

CRISIL BUSINESS

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading rating agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations. With sustainable competitive advantage arising from our strong brand, unmatched credibility, market leadership across businesses, and large customer base, we deliver analysis, opinions, and solutions that make markets function better.

CRISIL's majority shareholder is Standard & Poor's (S&P). Standard & Poor's, a part of McGraw Hill Financial, Inc. (formerly The McGraw-Hill Companies, Inc.) (NYSE:MHFI), is the world's foremost provider of credit ratings.

CRISIL RATINGS

The Indian economy and business environment remained subdued during 2013 owing to slowing demand, high inflation and tight liquidity, made worse in the second half by a volatile rupee and high interest rates. All this resulted in a weak investment climate and a subdued debt markets. However, in a sign of structural strengthening of the bond market, the number of issuers accessing the bond market increased, led by private sector players. The bond market could rebound in the latter half of 2014 if expectations of a stable domestic business environment, higher growth and lower interest rates materialise. Measures taken by policymakers and regulators to develop the bond market and the improving macroeconomic environment are expected to strengthen the market's long-term prospects.

Bank loan ratings (BLRs), however, continued to show healthy growth, with numerous small corporates opting for ratings despite the sluggish environment. SME ratings too showed healthy growth during the year.

CRISIL Ratings maintained its market leadership in 2013, backed by strong performance in its BLR and SME ratings businesses. CRISIL Ratings rated various innovative instruments in the corporate bond market, such as India's first Basel III-compliant Tier II bond, the first inflation-indexed debenture, the first 50-year rupee bond and the first infrastructure debt fund through the NBFC route. GAC continues to be closely integrated with Standard & Poor's Ratings Services, extending the scope of its support into areas such as risk and rating operations, deepening the engagement in structured finance ratings, and broadening the scope of support in Europe and the Asia Pacific.

CRISIL GLOBAL RESEARCH & ANALYTICS (CRISIL GR&A)

[Includes Financial Research / Risk & Analytics (Irevna), Corporate Research and Coalition]

In 2013, the global economic environment remained subdued despite an improvement over 2012. The European economy remained weak with no near-term signs of recovery, while the US economy was on a recovery path. In 2013, the global banking industry remained stressed with lower profitability despite

recovery in trading volumes in certain asset classes. Banks are focusing on improving cost-to-income ratios of their businesses, which led to stretched decision cycles, tough pricing negotiations and tight client budgets.

In the Financial Research vertical, we witnessed several client additions on the buy-side. Mid-tier banks added to our client roster in 2012 augmented role additions in 2013. Growth momentum in the Corporate Research vertical revived during the year owing to a revised go-to-market strategy. A mid-year launch of web-based products using CRISIL's proprietary frameworks resulted in positive client responses and additions to the client base.

The continued focus and introduction of new service offerings in the Risk & Analytics vertical, has resulted in a number of clients engaging with us for our services to help mitigate the challenges they are facing due to rapid regulatory changes. Building on the first-mover advantage in the global markets and derivatives space, we have quickly achieved scale in new work streams such as model validation and stress-testing support.

In 2013, Coalition delivered a very strong performance driven by its core Competitor and Client Analytics, which reported solid growth, and the recently launched RWA (Risk Weighted Assets) Analytics, which enjoyed a strong start. A new comprehensive media strategy in each region has delivered results, leading to significant improvement in our reach among prospective clients.

CRISIL RESEARCH

The business environment remained challenging with the lowest GDP growth in a decade and a virtual halt in investments. This has impacted demand for research in India, which is seen as a discretionary expense. The slowdown in equity fundraising and capital market activities impacted demand for equity research and IPO grading, while a sharp slowdown in corporate investment cycle impacted demand for customised research. On the other hand, industry research and funds and fixed-income research displayed steady growth.

Our recently launched offerings in the Industry and Funds research will support growth in coming years. An expected improvement in the economic outlook in 2014 and a possible revival in the investment cycle augur well, too. The CRISIL Centre for Economic Research continued to focus on research on the macroeconomic situation in India, consistently building CRISIL's franchise in Indian and foreign media, and

positioning the company as the foremost analytics-based commentator on the economy.

CRISIL RISK AND INFRASTRUCTURE SOLUTIONS LIMITED (CRIS)

INFRASTRUCTURE ADVISORY

The economic environment continued to be challenging during the year, particularly for the infrastructure sector. Several projects were stuck, or made little progress, owing to lack of policy and regulation clarity, while the milieu impacted the viability of some others. The stress on the financial sector compounded the challenges. CRISIL infrastructure advisory business, however, grew by expanding its services across new verticals and geographies, focusing on business from the government and the public sector during the year.

The investments of USD 1 trillion envisaged in infrastructure in India during the 12th Five Year Plan period present a sizeable opportunity over a medium term. However, we expect a muted first half in 2014, given the general elections. Investments in the infrastructure sector are likely to pick up only in the second half of the year as clarity emerges on key policies.

RISK SOLUTIONS

The overall business environment led to slower decision-making amongst potential clients, but there was increasing traction in the latter part of the year with banks expressing a need to implement risk management systems and framework. The risk solutions business reached out to newer markets and countries across EMEA and Southeast Asia and made inroads with new mandates and building a strong pipeline for future growth. The outlook for business is positive as banks in most regions continue to remain focused on risk management and mitigation.

ANALYSIS OF CONSOLIDATED FINANCIAL CONDITION AND RESULT OF OPERATIONS

The financial statements of the Group and its' subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after duly eliminating intra group balances and intra group transactions and resulting gains/losses as per Accounting Standard 21 - Consolidated Financial Statements notified by Companies Accounting Standards Rules, 2006 as amended and the relevant provisions of the Companies Act, 1956 ('the Act') read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. The

accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The financial statements have been prepared under the historical cost convention on an accrual basis. The management accepts responsibility for the integrity and objectivity of the financial statements, as well as for the various estimates and judgment used therein.

A. FINANCIAL CONDITION

1. Share capital

The authorised capital of the company is Rs. 10 crore, comprising of 100,000,000 equity shares of Re. 1 per share. During the year, the company issued and allotted 417,150 equity shares of the company to eligible employees on exercise of options granted under Employee Stock Option Scheme 2011 and 2012. Consequently, the issued, subscribed and paidup capital of the Company increased from 70,235,740 equity shares of Re. 1 each to 70,652,890 equity shares of Re. 1 each.

During the year, McGraw Hill Financial, Inc., ("MHFI") (the ultimate holding company) through its subsidiary, McGraw-Hill Asian Holdings (Singapore) Pte Limited, acquired by way of Voluntary Open Offer 10,623,059 shares representing 15.04% of the share capital of the Company out of which 10,350 shares (0.01%) were pending registration for transfer as on December 31, 2013. The shareholding of MHFI as at December 31, 2013, stands at 67.69% as against 52.98% in the previous year.

2. Reserves and surplus

Reserves and Surplus, as at December 31, 2013, stood at Rs. 667.43 crore, a growth of 27.87% over the corresponding previous period. The growth in reserves was achieved through strong profitability despite a challenging business environment, sale of stake in India Index Services and Products Limited and after recording an appropriation for dividend and dividend distribution tax of Rs. 157.30 crore.

Capital reserve

The balance as at December 31, 2013 amounts to Rs. 12.22 crore, same as the previous year.

Capital redemption reserve

The balance as at December 31, 2013 amounts to Rs. 0.22 crore, same as the previous year.

Securities premium

The addition to the securities premium account of Rs. 24.87 crore during the year is on account of premium received on

issue of 417,150 equity share, on exercise of options under the 2011 and 2012 Employee Stock Option Scheme.

General reserves

An amount of Rs. 28.12 crore, representing 10% of the net profit for the year ended December 31, 2013 (previous year Rs. 19.29 crore) was transferred to the general reserves account from the Profit and loss account.

Profit and Loss account

The balance retained in the Profit and Loss account as at December 31, 2013 is Rs. 547.60 crore (previous year Rs. 435.18 crore). The balance of Rs. 112.42 Crore of current year is after recording an appropriation for dividend and dividend distribution tax of Rs. 157.30 crore and general reserve of Rs. 28.12 crore.

3. Trade payables

Trade payables as at December 31, 2013 was Rs. 127.95 crore as against Rs. 130.04 crore in the previous year. Trade payables include amounts payable to vendors for supply of goods and services, employee payables like bonus, salary and other reimbursements, rent deferment.

4. Provisions

- Provision for employee benefits Provision for employee benefits comprise leave encashment and gratuity liability of the Company, valued as per Accounting Standards 15 Notified by Companies Accounting Standards Rules, 2006. The actuarial valuation is made as per the Projected Unit Credit Method, taking into account qualifying salary projected up to the assumed date of cessation of employment. The overall liability growth of 10% in the current year is mainly on account of increase in salaries for employees.
- Proposed dividend The proposed dividend represents the dividend recommended to the shareholders by the Board of Directors, which will be paid after the Annual General Meeting upon approval by the shareholders.

5. Other liabilities

Other liabilities mainly represent payables on account of withholding tax, service tax, other duties and unearned revenue. Unearned revenue represents fee received in advance or advance billing for which services have not been rendered.

6. Fixed assets

Tangible assets

The Company's investments in tangible assets represent cost of buildings, leasehold improvements, computers, office equipment, furniture fixtures and vehicles.

At the end of the year, the Company's investments in tangible fixed assets were as follows:

Details	December 31, 2013 (Rs. crore)	December 31, 2012 (Rs. crore)	Growth (%)
Gross Block	238.85	231.26	3%
Less : Accumulated depreciation	136.62	117.02	17%
Net Block	102.23	114.24	-11%
Add : Capital work in progress	0.00	0.00	
Net Fixed Assets	102.23	114.24	-11%
Depreciation as a % of total income	3%	3%	
Accumulated depreciation as % of gross block	57%	51%	

During the year, the Company's investment in fixed assets and capital work in progress was Rs. 17.76 crore, whereas sale of assets realised Rs. 2.04 crore. The assets acquired included equipment, computers and leasehold improvements to support expansion of business and to provide for replacement of existing assets. The assets sold were mainly computers and furniture. Depreciation as a percentage of total income remained constant at 3% for the current

year. The Company expects to fund its investments in fixed assets and infrastructure from its internal accruals and liquid assets. It may, however, borrow to fund capital expenditure, if considered necessary.

Intangibles

Intangible assets comprise mainly of goodwill arising on consolidation of subsidiaries and customer relationships.

7. Investments and Treasury

The Company's treasury as at December 31, 2013, was Rs. 434.53 crore as against Rs. 263.57 crore in the previous year. Cash and cash equivalents constituted 38% of total assets as at December 31, 2013, as against 27% in the previous year.

Category	2013 (Rs. in Crore)	%	2012 (Rs. in Crore)	%	Growth (%)
Cash and Bank Balance	151.48	35%	137.10	52%	11%
Fixed Deposit	44.33	10%	18.04	7%	146%
Mutual Funds	238.72	55%	108.43	41%	120%
TOTAL	434.53	100%	263.57	100%	65%

Treasury in the current year recorded a growth of 65% over the previous year and includes proceeds from sale of stake in India Index Services and Products Limited.

The Company actively monitors its treasury portfolio and has a policy in place for investing surplus funds. We do not invest in equity, derivative and market linked products. Appropriate limits and controls are in place to ensure that investments are made as per policy.

8. Deferred tax assets

We recorded net deferred tax assets of Rs. 22.86 crore as at December 31, 2013 as against Rs. 17.48 crore as at December

31, 2012. Deferred tax assets are recognised only to the extent that there is reasonable certainty sufficient future taxable income will be available against which such deferred tax assets can be realised.

9. Loans and advances

Loans and advances comprise loans to staff, advances recoverable in cash or kind, sundry deposits and advance taxes. Advances recoverable in cash or kind, or for value to be received, are mainly towards amounts paid in advance for value and services to be received in future. Sundry deposits represent deposits for premises taken on lease, electricity and others. As at December 31, 2013, loans and advances

were Rs. 69.14 crore as against Rs. 70.33 crore for the corresponding previous period ended December 31, 2012.

10. Other current assets

Other current assets, excluding bank balances, as at December 31, 2013, were Rs. 44.67 crore as against Rs. 40.01 crore for the corresponding previous period ended December 31, 2012. Other current assets mainly comprise of interest accrued and unbilled revenue.

11. Trade receivables

Sundry debtors at gross levels were Rs. 132.00 crore as at December 31, 2013, as against Rs. 129.27 crore as at December 31, 2012. The debtors constituted 12% of operating revenue, (representing an outstanding of 43 days of operating revenue) as against 13% of operating revenue (representing an outstanding of 48 days of operating revenue) during the previous year. The improvement in operating cycle over the previous year was on account of focused collection efforts throughout the year.

The break-up of debtors relating to segments is given below:

Segment	Rs at December 31, 2013		Rs at December 31, 2012		Change (%)
	Rs. Crore	%	Rs. Crore	%	
Rating	43.19	33%	45.15	35%	(4%)
Research	69.44	52%	60.57	47%	15%
Advisory	19.37	15%	23.55	18%	(18%)
TOTAL	132.00	100%	129.27	100%	2%

The Company believes that the outstanding debtors are recoverable and it has adequate provision for bad debts.

Provision for doubtful debt balance as of December 31, 2013 was Rs. 12.51 crore as against Rs. 12.04 crore as at December 31, 2012. Provision for bad debts as a percentage to revenue for the year ended December 31, 2013, is 1.13% as against 1.23 % for the year ended December 31, 2012.

B. RESULTS OF OPERATIONS

The summary of the operating performance for the year is given below

Rs. in crore

Particulars	12 months ended December 31, 2013	%	12 months ended December 31, 2012	%	Growth (%)
Income from operations	1110.64	97%	977.72	98%	14%
Other income	36.64	3%	20.38	2%	80%
Total income	1147.28	100%	998.10	100%	15%
Expenses					
Personnel expenses	515.48	45%	439.01	44%	17%
Establishment expenses	86.14	8%	82.47	8%	4%
Other expenses	148.47	13%	128.61	13%	15%
Depreciation	37.92	3%	34.32	3%	10%
Operating expenses	788.01	69%	684.41	68%	15%
Profit before exceptional item	359.27	31%	313.69	31%	15%
Exceptional item	65.89	6%	-	0%	100%
Profit before tax	425.16	37%	313.69	31%	36%
Tax expense	127.33	11%	93.29	9%	36%
Profit after tax	297.83	26%	220.40	22%	35%

Operating revenue grew 14% in 2013 and was driven by growth in the Research segment. Other income increased significantly, mainly on account of higher forex gain of Rs. 18.14 crore in the current year. Operating expenses grew 15% mainly on account of growth in personnel expenses due to salary increments and full year impact of consolidation

of Coalition in the current year. Other expenses grew 15% mainly on account of growth in professional fees and travel expense in the current year. Exceptional item includes one-time profit on sale of stake in India Index Services and Product Limited.

Segmental analysis

Rs. in crore

Segmental details	12 months ended December 31, 2013	12 months ended December 31, 2012	Growth (%)
Revenues			
Rating	413.89	396.37	4%
Research	641.10	526.03	22%
Advisory	55.65	55.32	1%
Total	1110.64	977.72	14%
Segmental profit			
Rating	163.94	163.77	0.0%
Research	205.36	158.84	29%
Advisory	7.55	9.97	(24%)
TOTAL	376.85	332.58	13%

Rating revenue growth of 4% over the previous year was on account of growth in BLR and SME business. In the previous year, rating segment had onetime revenue of Rs. 7.30 crore on account of certain price negotiation with a client. Excluding this one-time impact, rating segment growth was 6%. Research revenue growth was driven by GR&A segment on account of addition of new clients in the Financial Research and Research & Analytics space, favorable exchange rate movement and full year impact of Coalition consolidation in the current year. CRISIL domestic research faced a challenging business environment due to slowdown in equity, fund raising and capital market services. The advisory segment comprising of infrastructure and risk solution business showed marginal growth despite a challenging economic environment

Rating margins, after excluding one time impact of Rs. 7.30 crore in the previous year on account of certain price negotiation with a client, improved by 3%. The segment

margin grew despite higher growth in comparatively lower margin BLR and SME business. Research segment profitability grew 29% on account of improved performance in the GR&A business, and full year impact of Coalition consolidation in the current year and favorable exchange rate movement. During the year, the research segment recorded a forex gain of Rs. 16.53 crore as against Rs. 4.98 crore the previous year. Advisory segment profitability was lower mainly on account of muted growth in the risk solution business wherein the banks have deferred purchase on new solutions to the next year.

Other income (Net)

In the current year, other income has increased to Rs. 36.64 crore from Rs. 20.38 crore for the corresponding previous period ended December 31, 2012. The increase is mainly on account of higher forex gain of Rs. 18.14 crore in the current year.

Expense Analysis

The composition and growth of expenses as a percentage to income from operations are given below:

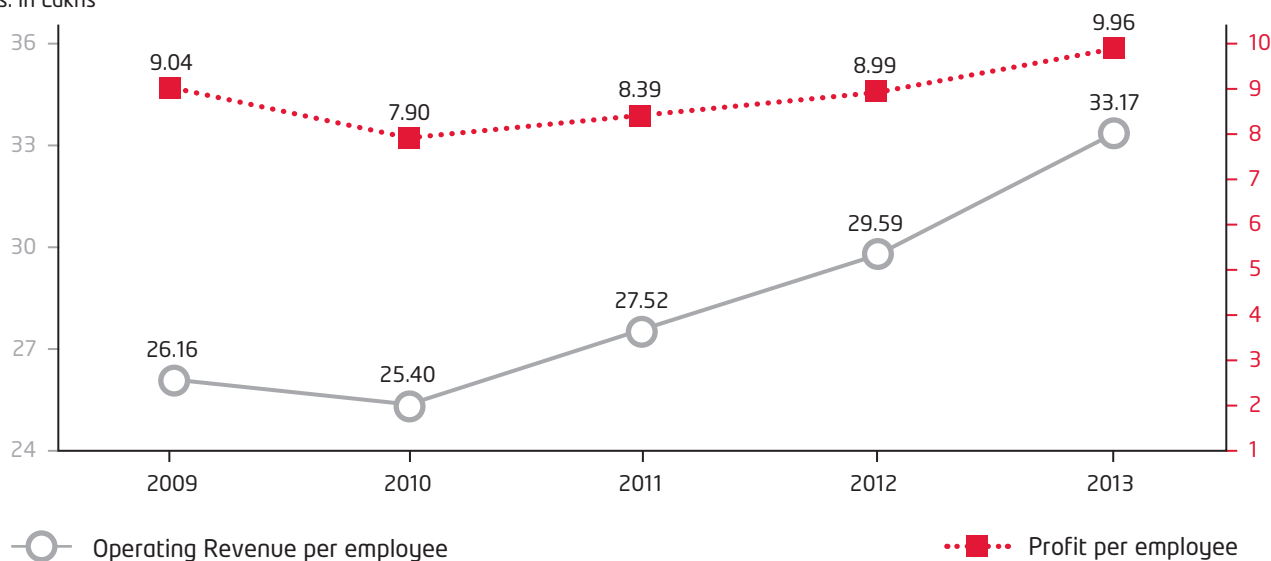
Particulars	12 months ended December 31, 2013		12 months ended December 31, 2012		Growth (%)
	Rs. Crore	%	Rs. Crore	%	
Personnel expenses	515.48	45%	439.01	44%	17%
Establishment expenses	86.14	8%	82.47	8%	4%
Other expenses	148.47	13%	128.61	13%	15%
Depreciation	37.92	3%	34.32	3%	10%
TOTAL EXPENSES	788.01	69%	684.41	69%	15%

Personnel expense growth of 17% was on account of merit increase in the current year as the Company constantly strives to make its salary structure competitive in the market to attract and retain talent and full year impact of Coalition acquisition.

Revenue and average profit per employee were Rs. 33.17 lakh (+12%) and Rs. 9.96 lakh (+11%), respectively. CRISIL will continue with its initiatives to improve its revenue and profit per employee through business process re-engineering, making the processes more efficient and effective use of technology.

Revenues and profits per employee for the past five years have been as under:

Rs. in Lakhs



	2009	2010	2011	2012	2013
Operating Revenue per employee	26.16	25.4	27.52	29.59	33.17
Profit per employee	9.04	7.90	8.39	8.99	9.96
Avg. Headcount (Nos)	2,060	2,485	3,006	3,329	3,424

The Company constantly monitors staff utilisation and strives to improve productivity through automation and effective utilisation of resources. These initiatives have resulted in optimising of operating profit per employee over the last three years.

Interest

The Company continued to be debt-free during the year and therefore, did not incur any interest expense.

C. RISK MANAGEMENT

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Key business risks and mitigation strategy are highlighted below.

1. Business risks

To mitigate the risk of high dependence on any one business for revenues, the Company has adopted a strategy of launching new products/services, globalising its operations, and diversifying into different business segments. The strategy has yielded good results and the Company, therefore, now has a well-diversified stream of revenues. To address the risk of dependence on a few large clients and a few sectors in the business segments, the Company has also actively sought to diversify its client base and industry segments.

The Company strives to add value to its clients by providing services of a superior quality, and maintaining a robust franchise with investors and end-users, to mitigate the risk arising from price competition. Repeat business from large clients in the research segment, nevertheless, continues to contribute significantly to the Company's revenues.

2. Foreign exchange earning risk

CRISIL foreign currency revenue earnings are significant and any appreciation or depreciation of rupee can have significant impact on revenues and profitability. CRISIL has a consistent hedge policy designed to minimise the impact of volatility in foreign exchange fluctuations on the earnings. We evaluate exchange rate exposure arising from these transactions and enter into foreign exchange hedge instruments to mitigate risks arising out of movements in the rupee (INR). The hedge programme covers a large portion of projected future revenues over a 12 month period and is restricted to plain-vanilla forward contracts. Appropriate internal controls are in place for monitoring the hedge programme.

3. Policy risk

The Company derives a significant portion of its revenues from Rating services, which depend on several factors, including regulatory policy. The Reserve Bank of India has mandated the use of ratings from approved rating agencies by Indian banks for calculating their capital requirements

for credit risk under the standardised approach for Basel II. Currently ratings are mandatory for all public offerings of debentures and commercial paper issuances. To mitigate the risk of dependence on mandated businesses, the Company continues to pursue its strategy of diversification, and globalising its operations. It also seeks to build a strong franchise with investors by holding investor meets and seminars for improving transparency around ratings and rating methodologies, and showcasing the utility and benefits of ratings.

Reserve Bank of India has indicated that the likely date for their approvals to be given to Indian banks to adopt Internal Ratings Based (IRB) approaches for credit risk would be from 2014. Reserve Bank of India has also specified that after implementation of the IRB framework by a bank, there should be a transition period of a minimum of two years during which banks will have to calculate minimum capital requirement using the IRB Approach as well as the Standardised Approach of Basel II.

4. Human resource attrition risk

CRISIL's key assets are its employees and in a highly competitive market, it is a challenge to address attrition. CRISIL continues to accord top priority to manage employee attrition by formulating talent retention programme and offering a competitive salary and growth path for talented individuals.

5. Financial risks

CRISIL has been a debt-free company since its date of incorporation. The Company has followed the strategy of funding all its expansion, diversification and infrastructure-related expenditure through internal accruals.

6. Legal and statutory risks

The Company has no material litigation in relation to contractual obligations pending against it in any court in India or abroad. The Company Secretary, compliance and legal functions advise the Company on issues relating to compliance with law and to pre-empt violations of the same. The Company Secretary submits a quarterly report to the Board on the company's initiatives to comply with the laws of various jurisdictions. The company also seeks independent legal advice wherever necessary.

7. Technology-related risks

The company uses information technology extensively for its businesses. All technology services are governed through comprehensive policies and processes. These processes allow

information access to personnel within the company based on identified roles. A systems audit is conducted regularly to ensure that implementation of policies and processes are satisfactory, and in line with internationally-accepted best practices; ISO certification of eight of our offices underscores our high compliance with policies related to Information Security and Management System. The company's business processes are automated through bespoke business applications that capture and maintain information regarding business processes, client agreements, reports generated and assignments delivered, thus data basing our knowledge appropriately. The technology used by the company at all locations provides for redundancy, and for disaster recovery. For critical business processes, the business teams have defined a business continuity plans and have tested it with the help of the IT team. The technology department keeps abreast of technology changes, and suitably undertakes projects for technology up-gradation to keep the technology infrastructure current, and to provide for redundancy.

8. Audit and internal controls

CRISIL has well-established processes and clearly-defined roles and responsibilities for people at various levels. This, coupled with adequate internal information systems embedded in business automation software, ensures proper information flow for the decision-making process. Adherence to these processes is ensured through frequent

internal audits. The Executive Committees monitors business operations through regular reviews of performance vis-à-vis budgets. An extensive programme of internal audit conducted by an independent firm, reviews by the Audit Committee, and requisite guidelines and procedures augment the internal controls. The internal control system is designed to ensure that financial and other records are reliable for preparing financial statements and other information. These procedures ensure that all transactions are properly reported and classified in the financial records.

The above discussion contains forward-looking statements, which may be identified by their use of words such as plans, expects, will, anticipates, intends. All such statements address the expectations from, and projections for, the future, including but not limited to statements about the company's strategy for growth, product development, market development, market position, expenditure and financial results. These forward-looking statements are based on assumptions and expectation of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realised. The company's actual results, performance, or achievements may, therefore, differ materially from those projected in these forward-looking statements. The company assumes no responsibility to publicly amend any forward-looking statements, on the basis of any subsequent developments, information or events.

AUDITORS' CERTIFICATE FOR CORPORATE GOVERNANCE

To the Members of CRISIL LIMITED,

We have examined the compliance of conditions of Corporate Governance by CRISIL LIMITED for the year ended December 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company, with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S.R. Batliboi & Co. LLP

Firm registration number: 301003E
Chartered Accountants

per Jayesh Gandhi
Partner

Membership No: 037924

Mumbai, February 14, 2014

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER'S DECLARATION

To the Members of CRISIL Limited,

I hereby confirm that all the members of the Board and Senior Management have affirmed compliance with the Code of Conduct.

For CRISIL Limited

Roopa Kudva
Managing Director & Chief Executive Officer

Mumbai, February 14, 2014

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

CRISIL has been practicing the principles of good corporate governance over the years. The Company has adopted best practices for corporate governance, disclosure standards and enhanced shareholder value while protecting the interests of all other stakeholders including clients, suppliers and its employees.

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

A. BOARD OF DIRECTORS

SIZE AND COMPOSITION OF THE BOARD

The Board of Directors has eight members of which seven (87.5%) are Non-Executive Directors. Four (50%) of the eight Board members are Independent Directors. The Chairman of the Board is a Non-Executive Director. The Company has one Alternate Director. As per the Articles of Association of the Company, the Board can have up to 15 members.

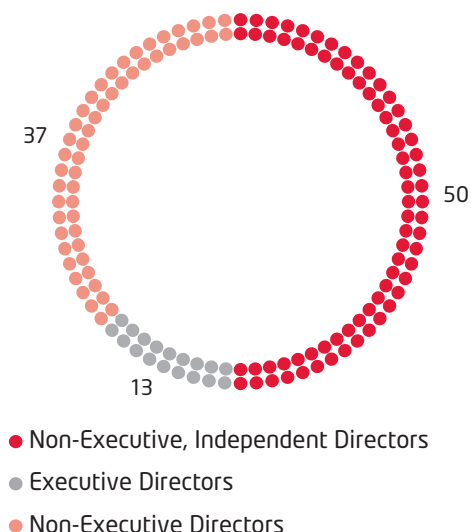
The composition of the Board of Directors of the Company as on December 31, 2013, was as follows:-

Non-Executive Chairman	Mr. Douglas L. Peterson
Independent, Non-Executive Directors	Mr. B. V. Bhargava
	Mr. H. N. Sinor
	Ms. Rama Bijapurkar
	Dr. Nachiket Mor
Non-Executive Directors	Mr. David Pearce
	Mr. Yann Le Pallec
Managing Director & Chief Executive Officer	Ms. Roopa Kudva
Alternate Director (alternate to Mr. Douglas L. Peterson, Mr. David Pearce and Mr. Yann Le Pallec)	Mr. Ravinder Singhania

Note:

1. Mr. B.V. Bhargava and Ms. Rama Bijapurkar have resigned from the directorship of the Company with effect from January 13, 2014.
2. The Board of Directors of the Company has appointed Mr. M. Damodaran as an Independent, Non-Executive Director of the Company with effect from January 14, 2014.
3. The Board of Directors of the Company has appointed Ms. Vinita Bali as an Independent, Non-Executive Director of the Company with effect from February 14, 2014.

Percentage of Board positions



MEMBERSHIP TERM

As per the Articles of Association of the Company, at least two-thirds of the Board of Directors should be retiring directors. One-third of these directors are required to retire every year and if eligible, the retiring directors qualify for re-appointment. The Board has adopted the following guidelines regarding the appointment and tenure of Non-Executive Director on the Board.

- No Director should hold directorships in more than ten Indian public limited companies
- Every Director is expected to attend at least 60% of the Board meetings held in a year. While re-appointing Directors on the Board and Committees of the Board, the contribution and attendance record of the concerned Director should be considered
- At least 50% of the total number of Directors on the Board will comprise of Independent Directors
- No Independent Director should hold office of directorship for a term exceeding ten years from the date of their appointment by the shareholders of the Company
- The change of Directors on the Board of CRISIL, if carried, would be so accomplished that at no point of time, the average term of the members on the Board is reduced unreasonably

The Managing Director is appointed by the shareholders for a maximum period of five years, but can be re-appointed on completion of her term, if eligible.

CRITERIA FOR BOARD MEMBERSHIP

The members of the Board of Directors of the Company are eminent persons of proven competence and integrity. The Board comprises individuals with personal characteristics and core competencies, such as the recognition of the importance of the Board's tasks, integrity, sense of accountability and track record of achievements. Besides having financial literacy, experience, leadership qualities and the ability to think strategically, the Directors have a significant degree of commitment to the Company and devote adequate time for the meetings, preparation and attendance. Board members possess the education, expertise, skills and experience in various sectors and industries required to manage and guide the Company.

None of the Directors is a relative of the Managing Director or of a Non-Executive Director. The Directors are expected not to serve any independent or executive position in any company that is a direct competitor. None of the Non-Executive Directors of the Company has any pecuniary relationships or transactions with the Company. The Managing Director is excluded from serving on the Board of any other entity unless the said entity has interests that are germane to the business of the Company.

SUCCESSION POLICY

The Board constantly evaluates the contribution of its members and recommends to shareholders their re-appointment periodically as per the statute. The Managing Director is appointed by the shareholders for a maximum period of five years at one time, but is eligible for re-appointment upon completion of her term. Non-Executive Directors do not have any term, but retire by rotation as per the law.

The Board has adopted a retirement policy for its members. The maximum age of retirement for Managing Director is 58 years, which is the age of superannuation for the employees of the Company.

MEMBERSHIPS OF OTHER BOARDS

Independent Directors are expected not to serve on the Boards of competing companies. No Director of the Company is a member of more than ten committees or can act as chairman of more than five committees across all Indian public limited companies in which he / she is a Director. For the purpose of these, only membership and chairmanship in Audit Committee and Stakeholders' Relationship Committee / Investors' Grievance Committee are considered.

Furthermore, every Director informs the Company about the committee positions he / she occupies in other companies and notifies the changes as and when they take place. The

details of other directorships held by the Company's Directors in Indian public limited companies as on December 31, 2013 are given below:

Name of the Director	Directorship [#]	Membership of Committees [*]	Chairmanship of Committees [*]
Mr. B. V. Bhargava	7	4	5
Mr. H. N. Sinor	9	5	3
Ms. Rama Bijapurkar	3	1	Nil
Dr. Nachiket Mor	Nil	1	Nil
Mr. Douglas L. Peterson	Nil	Nil	Nil
Mr. Yann Le Pallec	1	1	Nil
Mr. David Pearce	Nil	1	Nil
Ms. Roopa Kudva	Nil	1	Nil
Mr. Ravinder Singhania	2	2	Nil

Excluding CRISIL Limited, Private Limited Companies, Foreign Companies, Section 25 Companies and Alternate Directorships.

* Memberships / Chairmanships in Audit Committee and Stakeholders' Relationship Committee / Investors' Grievance Committee, including those in CRISIL Limited.

DETAILS OF SHAREHOLDINGS OF DIRECTORS AS ON DECEMBER 31, 2013

The number of equity shares of face value Re. 1 each of the Company held by the Directors on December 31, 2013 is as under:

Name of the Director	No. of shares held
Mr. B. V. Bhargava	Nil
Mr. H. N. Sinor	Nil
Ms. Rama Bijapurkar	Nil
Dr. Nachiket Mor	Nil
Mr. Douglas L. Peterson	Nil
Mr. Yann Le Pallec	Nil
Mr. David Pearce	Nil
Mr. Ravinder Singhania	Nil
Ms. Roopa Kudva	24,000

RESPONSIBILITIES

The Board looks at strategic planning and policy formulation. The Board meets at least once in every quarter to review the Company's operations and the maximum time gap between any two meetings is not more than 120 days. During the

year ended December 31, 2013, the Board met four times - on February 14, April 18, July 19 and October 18. The agenda of Board meetings is circulated to all the Directors well in advance and contains all the relevant information. The Company has an executive committee comprising the Managing Director and a team of senior management personnel with proper demarcation of responsibilities and authority. The Managing Director is responsible for corporate strategy, planning, external contacts and Board matters. The senior management personnel heading respective divisions are responsible for all day-to-day operations-related issues, profitability, productivity, recruitment and employee retention for their divisions. Mr. Ramraj Pai heads the CRISIL Large-Corporate Ratings business, Mr. Subodh Rai heads the CRISIL Mid-Corporate Ratings business, Mr. Sachin Nigam heads the CRISIL Small and Medium Enterprises Ratings business, Mr. Arun Panicker is Chief Analytical Officer of Ratings, Mr. Mukesh Agarwal heads the CRISIL Research business, Mr. G. Ravishankar heads the CRISIL Global Analytical Centre, HR and Strategy, Mr. Pankaj Jain heads the Global Sales of CRISIL Global Research and Analytics (GR&A) business, Mr. Ramnath Iyer heads GR&A - Corporate Research, Mr. Gurpreet Chhatwal heads GR&A - Risk and Analytics, Mr. Stephane Besson heads GR&A - Coalition, and Ms. Suprabha A. D. heads GR&A - Financial Research.

Mr. Raman Uberoi heads the Corporate Affairs division and the CRISIL Foundation and Mr. V. Srinivasan oversees Operations.

The meetings of the Board of Directors are well-attended as shown below:

Name of Directors	No. of Board meetings held	No. of Board meetings attended	Last Annual General Meeting attendance
Mr. B. V. Bhargava	4	4	Yes
Mr. H. N. Sinor	4	4	Yes
Ms. Rama Bijapurkar	4	3	Yes
Dr. Nachiket Mor	4	4	Yes
Mr. Douglas L. Peterson	4	3*	Yes
Mr. Yann Le Pallec	4	4	Yes
Mr. David Pearce	4	3	Yes
Ms. Roopa Kudva	4	4	Yes
Mr. Ravinder Singhania (Alternate Director)**	4	--	No

* Mr. Douglas L. Peterson attended the remaining one meeting through tele-conference.

** Mr. Ravinder Singhania did not attend the meetings as the original Directors of whom he is alternate, attended the meetings.

There were no personal transactions by the Directors involving a conflict of interest with the Company or its holding or subsidiary or associate company. The Company has a Code of Ethics and Personal Trading Policy for Directors and employees. The Code of Ethics contains policies on confidentiality, gifts and favours, and false and misleading information or disclosures. The Personal Trading Policy contains regulations, policies, procedures and restrictions relating to personal investments by the Directors and employees. The policy also prohibits trading in securities of any foreign or Indian listed company on the basis of unpublished price-sensitive information.

REMUNERATION POLICY

1) REMUNERATION TO NON-EXECUTIVE DIRECTORS

Non-Executive Directors are paid sitting fees for each meeting of the Board or its committees attended by them, and are also eligible for commission. The commission payable to each Non-Executive Director is limited to a fixed sum per year as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the prevailing norms. The shareholders of the Company at the meeting held on April 18, 2013 had authorised payment of commission to the Non-Executive Directors as a percentage of net profits of the Company determined in accordance with the provisions of

Sections 198, 309, 310, 311, 349 and 350 of the Companies Act, 1956, subject to the approval of the Central Government. The Company has received the approval of the Central Government to pay remuneration not exceeding one per cent of the net profits to the Non-Executive Directors for a period of five years with effect from January 1, 2013. The commission payable to Non-Executive Directors nominated by Standard & Poors' (S&P) is paid to 'Standard & Poors' International LLC'.

2) MANAGING DIRECTOR AND OTHER EMPLOYEES OF THE COMPANY

The remuneration and reward structure for the Managing Director and employees comprises two broad components – short-term remuneration and long-term rewards. The Nomination and Remuneration Committee / Compensation Committee, comprising two Independent Directors, determines the remuneration of the Managing Director and guidelines for remuneration payable to the employees. These guidelines are as under:

a) Annual remuneration

Annual remuneration refers to the annual compensation payable to the Managing Director and employees of the Company. This comprises two parts - a fixed component, and a performance-linked variable component based on the extent of achievement of the individual's objectives.

Every employee signs a performance contract, which clearly articulates the key performance measures for that particular defined role. The performance-linked variable pay is directly linked to the performance on individual components of the performance contract. An employee's variable pay is, therefore, directly dependent on key performance measures that represent the best interests of shareholders.

The total remuneration is set at levels to attract, motivate, and retain high-calibre, and high potential personnel in a competitive global market. The total remuneration level is reset annually based on a comparison with the relevant peer group in the Indian market, established through an independent compensation survey. In addition to the above, incentives linked to the performance of the business unit are payable if the business unit performs better than expected. The remuneration levels and the performance contracts

are finalised under the overall supervision, guidance and approval of the Nomination and Remuneration Committee.

b) Long-Term Rewards

Long-term rewards primarily comprise a long-term incentive plan, under which incentives are granted to eligible key employees based on their contribution to the profitability of the Company, relative position in the organisation, and length of service. The plan is supervised by the Nomination and Remuneration Committee. Non-Executive Directors are not eligible for participation in the plan. The Managing Director and employees were granted ESOPs under Employee Stock Option Schemes in 2011 and 2012 under the long term incentive plan. The stock options were granted to key employees and high performers in the organisation who are selected based on their criticality, past performance and potential.

Sitting fees and commission paid to Non-Executive Directors

Rupees

Name of Directors	Sitting Fees	Commission	Total
Mr. B. V. Bhargava	380,000	23,50,000	27,30,000
Mr. H. N. Sinor	260,000	21,50,000	24,10,000
Ms. Rama Bijapurkar	140,000	21,50,000	22,90,000
Dr. Nachiket Mor	220,000	21,50,000	23,70,000
Mr. Yann Le Pallec	160,000*	12,00,000*	13,60,000*
Mr. David Pearce	120,000*	12,00,000*	13,20,000*
Mr. Douglas L. Peterson	80,000*	12,00,000*	12,80,000*
Mr. Ravinder Singhania (Alternate Director)	-	-	-
TOTAL	13,60,000	1,24,00,000	1,37,60,000

* Sitting Fees and Commission payable to Non-Executive Directors nominated by Standard & Poors' (S&P) is paid to 'Standard & Poors' International LLC'.

Remuneration Paid to Managing Director for the year ended December 31, 2013

Rs. lakhs	
Name	Roopa Kudva
Salary	194.72
Variable Pay	127.56
Provident Fund	6.38
Perquisites	7.38
Appointment valid till	July 26, 2017
Notice period	3 months

B. BOARD COMMITTEES

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

1. AUDIT COMMITTEE

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements entered into with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The Audit Committee comprises four Non-Executive Directors who are well-versed with financial matters and corporate laws. Mr. H. N. Sinor is the Chairman of the Audit Committee. In the year ended December 31, 2013, Mr. B. V. Bhargava, Dr. Nachiket Mor and Mr. David Pearce were other members of the Audit Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on April 18, 2013. The Audit Committee invites the executives of the Company, as it considers appropriate (particularly the head of the finance function), representatives of the Statutory Auditors and representatives of the Internal Auditors to be present at its meetings. The Company Secretary acts as the Secretary to the Audit Committee. The Audit Committee met four times in 2013 – on February 14, April 18, July 19, and October 18. The necessary quorum was present for all the meetings.

Name	Category	Number of meetings during the year 2013	
		Held	Attended
Mr. H. N. Sinor	Independent, Non-Executive	4	4
Mr. B. V. Bhargava	Independent, Non-Executive	4	4
Dr. Nachiket Mor	Independent, Non-Executive	4	4
Mr. David Pearce	Non-Executive	4	3

Pursuant to the changes in the composition of the Board of Directors of the Company in 2014, the Committee was reconstituted by the Board of Directors on February 14, 2014 and the present members of the Committee are Mr. H. N. Sinor (Chairman), Mr. M. Damodaran, Mr. David Pearce and Dr. Nachiket Mor.

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

- Overseeing the financial reporting process to ensure fairness, sufficiency and credibility of financial statements
- Recommendation of the appointment and removal of statutory auditors, fixation of their remuneration and approving their payment for any other services rendered by them
- Reviewing of the quarterly and annual financial statements before submission to the Board
- Reviewing the adequacy of the internal control systems
- Appointment of the internal auditors and fixing of their remuneration
- Reviewing the adequacy of the internal audit functions, discussing any significant findings and follow thereon
- Discussing the nature and scope of audit with the statutory auditors
- Reviewing the financial and risk management policies
- Examination of reasons for substantial defaults, if any, in payment to stakeholders
- Providing direction to the internal audit functions and monitor the quality of internal and statutory audit

- Scrutiny of inter-corporate loans and investments
- Approval of transactions of the Company with related parties
- Review the functioning of the Whistle-Blower mechanism
- The composition, procedures, role, powers and the terms of reference of the Audit Committee are as stipulated in Section 292A of the Companies Act, 1956 and clause 49 of the listing agreement and Section 177 of the Companies Act 2013

2. INVESTMENT COMMITTEE

In the year ended December 31, 2013, this Committee comprised two Non-Executive Directors - Mr. B. V. Bhargava (Chairman) and Mr. David Pearce, and the Managing Director - Ms. Roopa Kudva. The Committee lays down policy guidelines and procedures for investing the Company's funds, and reviews this activity at regular intervals. The Committee met once during the year on October 18, 2013. The necessary quorum was present for the meeting.

Name	Category	Number of meetings during the year 2013	
		Held	Attended
Mr. B. V. Bhargava	Independent, Non-Executive	1	1
Ms. Roopa Kudva	Managing Director & CEO	1	1
Mr. David Pearce	Non-Executive	1	Nil

Pursuant to the changes in the composition of the Board of Directors of the Company in 2014, the Committee was reconstituted by the Board of Directors on February 14, 2014 and the present members of the Committee are Ms. Vinita Bali (Chairperson), Mr. M. Damodaran, Mr. David Pearce and Ms. Roopa Kudva.

3. STAKEHOLDERS' RELATIONSHIP COMMITTEE (earlier called Investors' Grievance Committee)

In the year ended December 31, 2013, this Committee comprised two Non-Executive Directors - Mr. B. V. Bhargava (Chairman) and Mr. Yann Le Pallec, and the Managing Director - Ms. Roopa Kudva. The Committee periodically reviews the status of investor grievances and redressal of the same. The Committee met four times in 2013 - on February 14, April 18, July 19, and October 18. The necessary quorum was present for all the meetings.

Name	Category	Number of meetings during the year 2013	
		Held	Attended
Mr. B. V. Bhargava	Independent, Non-Executive	4	4
Mr. Yann Le Pallec	Non-Executive	4	4
Ms. Roopa Kudva	Managing Director & CEO	4	4

Pursuant to the changes in the composition of the Board of Directors of the Company in 2014, the Committee was reconstituted by the Board of Directors on February 14, 2014 and the present members of the Committee are Mr. M. Damodaran (Chairman), Mr. Yann Le Pallec and Ms. Roopa Kudva. The Committee was renamed by the Board of Directors on February 14, 2014 as "Stakeholders' Relationship Committee" in order to align the same with the requirements under the Companies Act, 2013.

4. NOMINATION AND REMUNERATION COMMITTEE (earlier called Compensation Committee)

In the year ended December 31, 2013, this Committee of the Board comprised three Non-Executive Directors, Mr. B. V. Bhargava (Chairman), Ms. Rama Bijapurkar and Mr. Douglas L. Peterson. The Chairman of this Committee was present at the Annual General Meeting held on April 18, 2013.

The Committee met once during the year, on February 14, 2013, and all the Directors were present in the meeting.

The Committee ensures that a proper system of compensation exists to provide performance-based compensation to all employees of the Company. The Committee considers and approves salary, commission and other emoluments payable to the Managing Director and employees of the Company. The annual compensation of the Managing Director is determined by this Committee within the limits set by the shareholders at the general meeting. It also recommends to the Board, the remuneration payable to Non- Executive Directors, within the limits laid down by the shareholders at the general meeting and in accordance with other applicable laws.

Further, pursuant to the changes in the composition of the Board of Directors of the Company in 2014, the Committee was reconstituted by the Board of Directors on February 14, 2014 and the present members of the Committee are Mr. H. N. Sinor (Chairman), Ms. Vinita Bali and Mr. Douglas L. Peterson. The Committee was renamed by the Board of Directors on February 14, 2014 as "Nomination and Remuneration Committee" pursuant to the provisions of the Companies Act, 2013.

5. ALLOTMENT COMMITTEE

The Allotment Committee has been formed to complete the formalities prescribed under the Companies Act, 1956, relating to allotment of shares and to authorise officials of the Company to file forms and returns with regulatory authorities.

As on December 31, 2013, this Committee comprised four Directors including three Non-Executive Directors - Dr. Nachiket Mor (Chairman), Mr. H. N. Sinor and Ms. Rama Bijapurkar, and the Managing Director - Ms. Roopa Kudva. The Committee met twice during the year; on April 18, 2013 and October 18, 2013 to allot shares arising out of options exercised by employees under Employee Stock Option Schemes - 2011 and 2012. The necessary quorum was present for all the meetings.

Name	Category	Number of meetings during the year 2013	
		Held	Attended
Dr. Nachiket Mor	Independent, Non-Executive	2	2
Mr. H. N. Sinor	Independent, Non-Executive	2	2
Ms. Rama Bijapurkar	Independent, Non-Executive	2	1
Ms. Roopa Kudva	Managing Director & CEO	2	2

Pursuant to the changes in the composition of the Board of Directors of the Company in 2014, the Committee was reconstituted by the Board of Directors on February 14, 2014 and the present members of the Committee are Dr. Nachiket Mor (Chairman), Ms. Vinita Bali, Mr. M. Damodaran and Ms Roopa Kudva.

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board of Directors of the Company had constituted a "Corporate Social Responsibility Committee" on February 14, 2014 comprising three Directors including two Independent, Non-Executive Directors - Dr. Nachiket Mor (Chairman) and Ms. Vinita Bali, and the Managing Director - Ms. Roopa Kudva, pursuant to the provisions of the Companies Act, 2013.

7. COMMITTEE OF INDEPENDENT DIRECTORS FOR CONSIDERING RECOMMENDATIONS ON THE VOLUNTARY OPEN OFFER

The Board of Directors of CRISIL formed the Committee of Independent Directors of the Company on June 5, 2013, in terms of requirements of Regulation 26(6) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("Regulation") comprising all the Independent Directors of CRISIL viz., Mr. B.V. Bhargava, Mr. H. N. Sinor, Dr. Nachiket Mor and Ms. Rama Bijapurkar to provide reasoned recommendations to the shareholders of CRISIL on the Voluntary Open Offer announced by McGraw Hill Financial, Inc. for the shareholders of CRISIL. Mr. B. V. Bhargava was appointed as the Chairman of the Committee. This Committee met thrice in 2013, on June 20, July 9 and July 19. Necessary quorum was present for all the meetings.

Name	Category	Number of meetings during the year 2013	
		Held	Attended
Mr. B. V. Bhargava	Independent, Non-Executive	3	3
Mr. H. N. Sinor	Independent, Non-Executive	3	3
Dr. Nachiket Mor	Independent, Non-Executive	3	1*
Ms. Rama Bijapurkar	Independent, Non-Executive	3	2*

* Dr. Nachiket Mor and Ms. Rama Bijapurkar attended the remaining meetings through tele-conference.

8. COMMITTEE OF DIRECTORS FOR SALE OF SHAREHOLDING IN INDIA INDEX SERVICES AND PRODUCTS LIMITED

The Board of Directors formed a special Committee for divestment of equity shareholding held in India Index Services & Products Limited (IISL) comprising three Directors including two Non-Executive Directors - Mr. B. V. Bhargava and Mr. Douglas L. Peterson, and the Managing Director - Ms. Roopa Kudva. Mr. B. V. Bhargava was appointed as the Chairman of the Committee. The Committee was constituted with specific mandate to finalise the sale of CRISIL's shareholding of 6,37,000 equity shares of face value Rs. 10 each, representing 49% of the total equity share capital of IISL. This Committee met twice during the year, on August 6, 2013 and August 27, 2013. Necessary quorum was present for all the meetings.

Name	Category	Number of meetings during the year 2013	
		Held	Attended
Mr. B. V. Bhargava	Independent, Non-Executive	2	2
Mr. Douglas L. Peterson	Non-Executive	2	Nil*
Ms. Roopa Kudva	Managing Director & CEO	2	2

* Mr. Douglas L. Peterson attended the meetings through tele-conference.

C. SHAREHOLDERS

MEANS OF COMMUNICATION

1. Half-Yearly Newsletter: The Company sends a half-yearly newsletter giving details of the Company's financial performance, including a summary of significant events in the last six months to shareholders.
2. Quarter and annual financial results are published in the leading national and regional newspapers, and displayed on the Company's website.
3. News releases, press releases and presentations made to investors and analysts are displayed on the Company's website.
4. The Annual Report is circulated to all members, and is also available on the Company's website.

The Annual Report of the Company for the financial year 2013 has been emailed to the members whose email addresses are available with the depositories or are obtained directly from the members, as per the MCA Circular No. 18/2011 dated April 29, 2011 on "Green Initiative of Ministry of Corporate Affairs for Corporate Governance". For other members, who have not registered their email addresses, the Annual Report has been sent at their registered address. If any member wishes to get a duly printed copy of the Annual Report, the Company will send the same, free of cost, upon receipt of request from the member.

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

In case of appointment or re-appointment of a Director, members are provided a brief resume of the Director, the nature of his / her expertise in specific functional areas, the names of companies in which he / she holds directorship, and membership of committees of the Board.

GRIEVANCE REDRESSAL

The Board has appointed an Investors' Grievance Committee (renamed as Stakeholders' Relationship Committee) to review and redress complaints received from shareholders. The Committee meets periodically to consider the status of the investor grievances received and redressed along with the ageing schedules of pending complaints. The Board has authorised Mr. Neelabja Chakrabarty, Company Secretary, to approve the transfer and transmission of shares.

A reconciliation of share capital audit is conducted by an independent practicing company secretary on quarterly basis, to confirm reconciliation of the issued and listed capital, dematerialised capital and status of the register of members.

The Auditors' Certificate of Corporate Governance is annexed with the Directors' Report and shall be sent to the stock exchange along with the Annual Report filed by the Company.

GENERAL BODY MEETINGS

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

Nature of Meeting	Date and Time	Venue	Special resolutions passed
Twenty-Fourth Annual General Meeting	April 15, 2011 at 3.30 pm	Rangaswar Hall, 4th floor, Yashwantrao Chavan Pratishthan, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021	None
Twenty-Fifth Annual General Meeting	April 16, 2012 at 3.30 pm	CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai 400 076	None
Twenty-Sixth Annual General Meeting	April 18, 2013 at 3.30 pm	Rangaswar Hall, 4th floor, Yashwantrao Chavan Pratishthan, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021	Payment of commission up to 3 (three) per cent of the net profits of the Company, every year computed in the manner specified in the Act, to the Director(s) of the Company who is / are neither in the whole-time employment nor managing director(s), in accordance with the provisions of Section 309 (4) of the Act, for a period of 5 (five) years from the financial year commencing January 1, 2013, in such manner and up to such extent as Board and / or the Compensation Committee of the Board may, from time to time, determine.

POSTAL BALLOT SYSTEM

The Company has not passed any resolutions by postal ballot in the financial year 2013.

DISCLOSURES

During the year, there were no material related-party transactions i.e. transactions of the Company of a material nature with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have a potential conflict with the interests of the Company at large. Other related-party transactions are mentioned in the notes to the accounts.

There was no non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchange or SEBI, or any statutory authority on any matter related to the capital markets during the last three years.

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. The Company has also complied with the non-mandatory requirements relating to publication of half-yearly results, having unqualified financial statements, having a whistle-blower policy and also has a mechanism for evaluating non-executive board members.

CRISIL CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

The Board of Directors of CRISIL has adopted the Code of Conduct for Senior Management; the same is available on the website of the Company. Affirmation regarding compliance of the Code of Conduct by the CEO of the Company has been published elsewhere in this Annual Report.

WHISTLE-BLOWER POLICY

The Company has a Whistle-Blower Policy, whereby employees are free to report violations of laws, rules and regulations, or unethical conduct to the Audit Committee. We affirm that no employee of the Company was denied access to the Audit Committee.

COMPLIANCE OF CLAUSE 5A OF LISTING AGREEMENT - EQUITY SHARES IN SUSPENSE ACCOUNT

Consequent to the sub-division of nominal value of the equity shares of the Company from Rs. 10/- per share to Re. 1 per share with effect from October 1, 2011 and in terms of Clause 5A(II) of the Listing Agreement, during the year, the Company's Registrar & Share Transfer Agent-Karvy Computershare Private Limited sent three reminders to the shareholders at the addresses available on the Company's records. The Company has opened a demat account in the name and style "CRISIL Limited - Unclaimed Shares Suspense Account" in accordance with the requirement of the Listing Agreement and at the beginning of the year, 46,000 equity shares belonging to 33 shareholders, had been admitted for dematerialisation. At the end of the year, i.e. as on December 31, 2013, 45,000 equity shares belonging to 32 shareholders, were lying in the account. The voting rights on the outstanding unclaimed shares as on December 31, 2013 shall remain frozen till the rightful owner of such shares claims the shares by submission of the requisite documentary proof of their identity to the Company's Registrar & Share Transfer Agent-Karvy Computershare Private Limited.

SEBI COMPLAINTS REDRESS SYSTEM (SCORES)

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

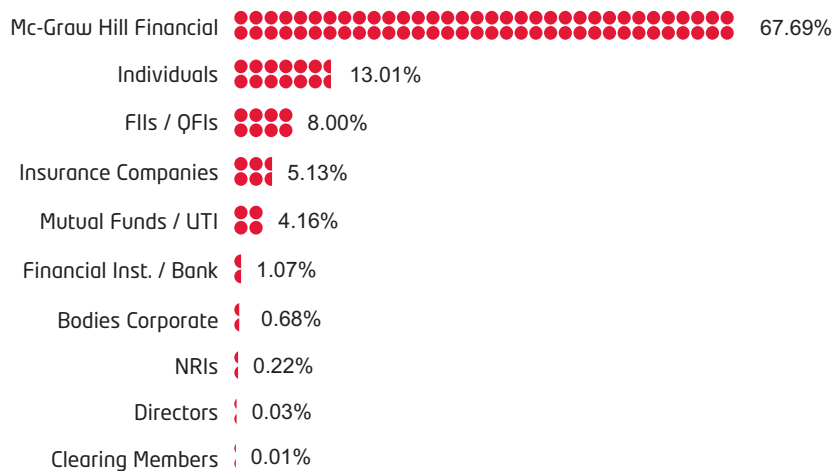
D. GENERAL SHAREHOLDERS' INFORMATION

1. ANNUAL GENERAL MEETING	:	
Date and Time		April 17, 2014 at 3.30 p.m.
Venue		Rangaswar Hall, 4th floor, Yashwantrao Chavan Pratishthan, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021
2. CALENDAR FOR FINANCIAL REPORTING	:	
First Quarter ending March 31, 2014		Thursday, April 17, 2014
Second Quarter ending June 30, 2014		Friday, July 18, 2014
Third Quarter ending September 30, 2014		Friday, October 17, 2014
Year ending December 31, 2014		End of February, 2015
Newspapers where the results are published Websites where the financial results, shareholding pattern, annual report etc. are uploaded		Business Standard and Sakal www.crisil.com , www.bseindia.com and www.nseindia.com
3. PROPOSED FINAL AND SPECIAL DIVIDEND	:	Final Dividend of Rs. 4 and Special Dividend of Rs. 6 per equity share having nominal face value of Re. 1 each.
4. DATES OF BOOK CLOSURE	:	Thursday, March 13, 2014 to Friday, March 14, 2014 (both days inclusive)
5. DIVIDEND PAYMENT DATE	:	May 2, 2014 (if dividend payment is approved at the Annual General Meeting).
6. LISTING DETAILS	:	The shares of the Company are listed on: National Stock Exchange of India Limited Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051 BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001 The Company has paid listing fees at both the exchanges and has complied with the listing requirements.
7. STOCK CODES	:	National Stock Exchange of India Limited (NSE) – CRISIL BSE Limited (BSE) - 500092 ISIN Number: INE007A01025 CIN : L67120MH1987PLC042363
8. REGISTRARS AND SHARE TRANSFER AGENTS	:	Karvy Computershare Private Limited Karvy House, 21, Avenue - 4, Plot No.17 to 24, Near Image Hospital Vittalrao Nagar, Madhapur, Hyderabad 500 081 Phone No. 040-23420818-828 Fax. No. 040-23420814

9.	COMPLIANCE OFFICER	:	Mr. Neelabja Chakrabarty, Company Secretary, CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai 400 076 Phone: 022-3342 3701 Fax: 022-3342 3810
10.	DEPOSITORY SYSTEM	:	Currently, 99.74% of the Company's share capital is held in dematerialised form. For any assistance in converting physical shares in electronic form, investors may approach Karvy Computershare Private Limited or Mr. Neelabja Chakrabarty, Company Secretary, at the addresses given above.
11.	ELECTRONIC CLEARING SERVICE (ECS)	:	The Company has extended the ECS facility to shareholders to enable them to receive dividend through electronic mode in their bank account. The Company encourages members to avail this facility as ECS provides adequate protection against fraudulent interception and encashment of dividend warrants, apart from eliminating loss / damage of dividend warrants in transit and correspondence with the Company on revalidation / issuance of duplicate dividend warrants.
12.	BANK DETAILS FOR ELECTRONIC SHAREHOLDING	:	Members are requested to notify their Depository Participant (DP) about the changes in the bank details. Members are requested to furnish complete details of their bank accounts, including the MICR codes of their banks, to their DPs.
13.	FURNISH COPIES OF PERMANENT ACCOUNT NUMBER (PAN)	:	The members are requested to furnish their PAN, which will help us to strengthen compliance with KYC norms and provisions of Prevention of Money Laundering Act, 2002. For transfer of shares in physical form, SEBI has made it mandatory for the transferee to submit a copy of PAN card to the Company.
14.	INVESTOR COMPLAINTS TO BE ADDRESSED TO	:	Registrars and Share Transfer Agents or to Mr. Neelabja Chakrabarty, Company Secretary, at the above mentioned addresses.
15.	EMAIL ID OF GRIEVANCE REDRESSAL DIVISION	:	investors@crisil.com

16. CATEGORY - WISE SHAREHOLDING PATTERN AS ON DECEMBER 31, 2013

Sr. No.	Category	No. of shares	% holding
1	Group holding of McGraw Hill Financial, Inc: - S & P India LLC - Standard & Poor's International LLC - McGraw-Hill Asian Holdings (Singapore) Pte. Ltd.	4,78,22,189	67.69
2	Individuals	91,89,636	13.01
3	FII's / QFIs	56,55,123	8.00
4	Insurance Companies	36,24,175	5.13
5	Mutual Funds / UTI	29,38,472	4.16
6	Financial Institutions / Banks	7,60,743	1.07
7	Bodies Corporate	4,80,202	0.68
8	NRIs	1,51,926	0.22
9	Directors	24,000	0.03
10	Clearing Members	6,424	0.01
TOTAL		7,06,52,890	100.00



17. DISTRIBUTION OF SHAREHOLDING AS ON DECEMBER 31, 2013

Range of equity shares held	No. of shareholders	% of total no. of shareholders	No. of shares	% of total no. of shares
1 – 5,000	12,818	98.28	27,18,376	3.85
5,001 – 10,000	68	0.52	5,02,794	0.71
10,001 – 20,000	48	0.37	6,81,487	0.96
20,001 – 30,000	20	0.15	4,85,501	0.69
30,001 – 40,000	6	0.05	1,94,311	0.28
40,001 – 50,000	13	0.10	6,01,355	0.85
50,001 – 1,00,000	30	0.23	21,61,402	3.06
1,00,000 and above	39	0.30	6,33,07,664	89.60
TOTAL	13,042	100.00	7,06,52,890	100.00

18. MEMBERS HOLDING MORE THAN 1% OF THE PAID-UP SHARE CAPITAL AS ON DECEMBER 31, 2013

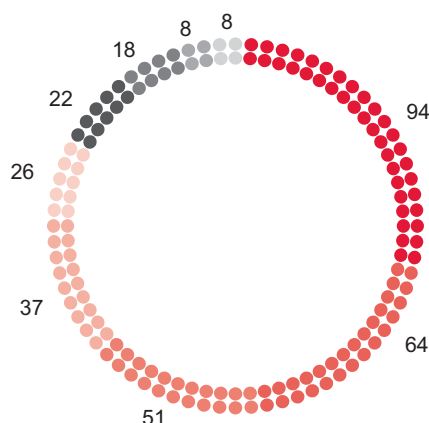
Sr. No.	Name of the shareholder	No. of shares	% holding
1	Group holding of McGraw Hill Financial, Inc: - S & P India LLC - Standard & Poor's International LLC - McGraw-Hill Asian Holdings (Singapore) Pte. Ltd.	4,78,22,189	67.69
2	Jhunjhunwala Rakesh and Rekha	40,00,000	5.66
3	General Insurance Corporation of India	28,30,390	4.01
4	Unit Trust of India	18,02,166	2.55
5	Acacia Partners, LP / Acacia Institutional Partners, LP / Acacia Banyan Partners / Acacia II Partners, LP / Acacia Conservation Fund, LP	17,16,880	2.43
6	Mondrian Emerging Market/Investments	10,31,844	1.46
7	Life Insurance Corporation of India	7,65,735	1.08
8	Franklin Templeton Investment Funds / Caisse De Depot et Placement du Quebec - Franklin Advisors Inc	7,31,000	1.03

19. STATUS REPORT ON NUMBER OF SHAREHOLDER REQUESTS / COMPLAINTS RECEIVED AND RESOLVED BY THE COMPANY DURING THE YEAR ENDED DECEMBER 31, 2013

Nature of Correspondence	No. of cases received and resolved
Non-receipt of dividend warrant	64
ECS facility / Change in bank mandates	51
Issue of duplicate drafts / revalidation of warrants	37
Request for communication in physical form	26
Dematerialisation / Rematerialisation	22
Non-receipt of Annual Report	18
Incorporation of change of address	8
Transfer / Transposition / Transmission	8
Other requests / queries	94
TOTAL	328

The Company addressed all the investor complaints received during the year, and there were no investor complaints outstanding at the beginning or the end of the year.

Analysis of investor correspondence in 2013



Numbers represent category-wise total Investor Correspondence

- Non-receipt of dividend warrant
- ECS facility / Change in bank mandates
- Issue of duplicate drafts / revalidation of warrants
- Request for communication in physical form
- Dematerialisation / Rematerialisation
- Non-receipt of Annual Report
- Incorporation of change of address
- Transfer/Transposition/Transmission
- Other requests/queries

20. EQUITY HISTORY SINCE SUB - DIVISION OF SHARES

Date	Particulars	No. of shares	Cumulative no. of shares
01.10.2011	No. of issued and fully paid-up equity shares of face value of Re. 1 each after stock split	7,09,68,440	7,09,68,440
04.01.2012	Extinguishment of shares consequent to buy-back	(-) 9,10,000	7,00,58,440
16.04.2012	Allotment of shares to employees on exercise of options granted under Employee Stock Option Scheme, 2011	(+) 1,09,950	7,01,68,390
17.10.2012	Allotment of shares to employees on exercise of options granted under Employee Stock Option Scheme, 2011	(+) 67,350	7,02,35,740
18.04.2013	Allotment of shares to employees on exercise of options granted under Employee Stock Option Scheme, 2011	(+) 2,70,730	7,05,06,470
18.10.2013	Allotment of shares to employees on exercise of options granted under Employee Stock Option Scheme, 2011	(+) 1,31,350	7,06,37,820
18.10.2013	Allotment of shares to employees on exercise of options granted under Employee Stock Option Scheme, 2012	(+) 15,070	7,06,52,890

21. DIVIDEND

Dividend Policy

CRISIL believes in maintaining a fair balance between cash retention and dividend distribution. Cash retention is required to finance acquisitions and future growth, and also as a means to meet any unforeseen contingency. CRISIL has also been conscious of the need to maintain stability in its dividend payout over the years. From 2008, CRISIL has commenced the practice of paying dividend on a quarterly basis.

Modes of payment of Dividend

The Dividend is paid under two modes, viz.,

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

Electronic Clearing Service (ECS/NECS)

The Company has extended the ECS/NECS facility to shareholders to enable them to receive dividend through electronic mode in their bank account. The Company encourages members to avail this facility as ECS provides adequate protection against fraudulent interception and encashment of dividend warrants, apart from eliminating loss/damage of dividend warrants in transit and correspondence with the Company on revalidation/issuance of duplicate dividend warrants. Investors may obtain the ECS/NECS mandate form from the Downloads link on the Investors section of this website.

Bank Details for Electronic Shareholding

Members are requested to notify their Depository Participant (DP) about the changes in the bank details. Members are requested to furnish complete details of their bank accounts, including the MICR codes of their banks to their DPs.

Unclaimed Dividend

Dividends that are not encashed or claimed within seven years from the date of its transfer to the unpaid dividend account will, in terms of the provisions of Section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund (IEPF) established by the Government. In terms of the provisions of Section 205C of the Companies Act, 1956, no claim shall lie against the Company or the said Fund after such transfer.

The details of unclaimed dividend as on December 31, 2013 are as follows:

Sr. No.	Dividend name	Dividend per share (Rs.)	%	Date of declaration / approval of dividend	Due date for transfer to IEPF*
1	Unclaimed Final Dividend 2006	15.00	150%	27-Apr-2007	28-May-2014
2	Unclaimed Final Dividend 2007	25.00	250%	23-Apr-2008	25-May-2015
3	Unclaimed 1st Interim Dividend 2008	10.00	100%	24-Jul-2008	25-Aug-2015
4	Unclaimed 2nd Interim Dividend 2008	25.00	250%	24-Oct-2008	25-Nov-2015
5	Unclaimed Final Dividend 2008	35.00	350%	28-Apr-2009	29-May-2016
6	Unclaimed 1st Interim Dividend 2009	25.00	250%	28-Apr-2009	29-May-2016
7	Unclaimed 2nd Interim Dividend 2009	25.00	250%	24-Jul-2009	24-Aug-2016
8	Unclaimed 3rd Interim Dividend 2009	25.00	250%	29-Oct-2009	29-Nov-2016
9	Unclaimed Final Dividend 2009	25.00	250%	16-Apr-2010	17-May-2017
10	Unclaimed Special Dividend 2010 and 1st Interim Dividend 2010	125.00	1250%	16-Apr-2010	17-May-2017
11	Unclaimed 2nd Interim Dividend 2010	25.00	250%	22-Jul-2010	22-Aug-2017
12	Unclaimed 3rd Interim Dividend 2010	25.00	250%	18-Oct-2010	18-Nov-2017
13	Unclaimed Final Dividend 2010	25.00	250%	15-Apr-2011	16-May-2018
14	Unclaimed 1st Interim Dividend 2011	27.50	275%	15-Apr-2011	16-May-2018
15	Unclaimed 2nd Interim Dividend 2011	27.50	275%	20-Jul-2011	20-Aug-2018
16	Unclaimed 3rd Interim Dividend 2011	2.75	275%	18-Oct-2011	18-Nov-2018
17	Unclaimed Final Dividend 2011	2.75	275%	16-Apr-2012	18-May-2019
18	Unclaimed Special Dividend 2011 and 1st Interim Dividend 2012	3.00	300%	16-Apr-2012	18-May-2019

Sr. No.	Dividend name	Dividend per share (Rs.)	%	Date of declaration / approval of dividend	Due date for transfer to IEPF*
19	Unclaimed 2nd Interim Dividend 2012	3.00	300%	18-Jul-2012	19-Aug-2019
20	Unclaimed 3rd Interim Dividend 2012	3.00	300%	17-Oct-2012	18-Nov-2019
21	Unclaimed Final Dividend 2012	4.00	400%	18-Apr-2013	19-May-2020
22	Unclaimed 1st Interim Dividend 2013	3.00	300%	18-Apr-2013	19-May-2020
23	Unclaimed 2nd Interim Dividend 2013	3.00	300%	19-Jul-2013	19-Aug-2020
24	Unclaimed 3rd Interim Dividend 2013	3.00	300%	18-Oct-2013	18-Nov-2020

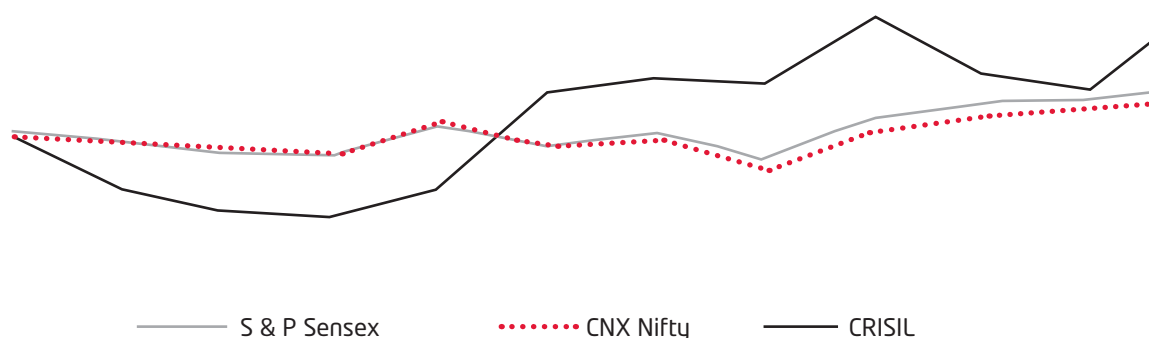
Notes :

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

22. STOCK PRICE AND MOVEMENT OF THE COMPANY'S SHARES ON THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE) AND BSE LIMITED (BSE) FOR THE PERIOD FROM JANUARY 2013 TO DECEMBER 2013

NSE			BSE		
Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
January	1,098.00	981.25	January	1,128.00	992.00
February	1,011.90	933.15	February	1,019.65	933.05
March	980.00	877.80	March	992.00	881.05
April	962.70	884.00	April	960.00	882.00
May	1,010.00	891.10	May	1,015.00	894.00
June	1,169.90	1,095.00	June	1,170.00	1,096.30
July	1,194.00	1,100.00	July	1,191.95	1,100.05
August	1,185.90	976.50	August	1,186.00	975.15
September	1,295.00	1,055.50	September	1,270.00	1,065.00
October	1,200.00	1,130.00	October	1,210.00	1,115.00
November	1,174.90	906.40	November	1,149.00	1,010.00
December	1,259.00	1,018.10	December	1,250.00	1,018.00

Price movement of CRISIL shares in 2013 on NSE and BSE vis-a-vis movement of CNX Nifty and S&P Sensex



23. SHAREHOLDERS' RIGHTS

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

- To receive share certificates, on allotment or transfer as the case may be, in due time
- To receive copies of the Annual Report, Balance Sheet and Profit and Loss Account and the Auditor's Report
- To participate and vote in General Meetings either personally or through proxies
- To receive dividends in due time, once approved in General Meetings or Board Meetings
- To receive corporate benefits like rights, bonus, etc. once approved
- To apply to the Company Law Board to call or direct the Annual General Meeting
- To inspect the minute books of the General Meetings and to receive copies thereof

- To proceed against the Company by way of civil or criminal proceedings
- To apply for the winding-up of the Company
- To receive the residual proceeds
- Other rights are as specified in the Memorandum and Articles of Association available on the website, www.crisil.com

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

- To appoint the Directors and Auditors of the Company
- To requisition an Extraordinary General Meeting
- To demand a poll on any resolution
- To apply to the Company Law Board to investigate the affairs of the Company
- To apply to the Company Law Board for relief in cases of oppression and / or mismanagement

The above-mentioned rights may not necessarily be absolute.



FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of CRISIL Limited

Report on the Financial Statements

We have audited the accompanying financial statements of CRISIL Limited ('the Company'), which comprise the Balance Sheet as at December 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Companies Act, 1956, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified

under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013; and

- (e) On the basis of written representations received from the directors as on December 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2013, from being appointed as a director in terms

of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E

per **Jayesh Gandhi**

Partner

Membership Number: 037924

Place : Mumbai

Date : February 14, 2014

ANNEXURE

REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Re: CRISIL Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) The Company is engaged in the business of providing rating and research services and therefore the provisions of clause (ii) of paragraph 4 of the Order are not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted / taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause (iii) (a) to (g) of paragraph 4 of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause (v) (b) of paragraph 4 of the Order are not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the services of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, cess and other material statutory dues applicable to it. The provisions relating to custom duty and excise duty are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, amounts of income-tax and service tax dues disputed by the Company, are as follows:

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	5,000,000	A.Y. 2000-01	High Court
		8,649,718	A.Y. 2001-02	High Court
		6,213,853	A.Y. 2002-03	High Court
		3,638,159	A.Y. 2003-04	High Court
		6,005,778	A.Y. 2004-05	High Court
		2,876,744	A.Y. 2005-06	Deputy Commissioner of Income Tax
		4,893,510	A.Y. 2006-07	Commissioner of Income Tax (Appeals)
		4,972,046	A.Y. 2007-08	Commissioner of Income Tax (Appeals)
		30,723,070	A.Y. 2008-09	Income Tax Appellate Tribunal
Sales Tax Act, 1956	Sales Tax	1,927,861	FY 2003-04	Asst. Comm. Of Sales Tax (Appeals)
		3,445,717	FY 2004-05	Asst. Comm. Of Sales Tax (Appeals)
Finance Act	Service Tax	15,042,302	F.Y. 1999-2000 to 2001-2002	Commissioner of central Excise

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) The Company has not taken any loans from financial institutions, banks and has not issued any debentures.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) The Company has not raised any funds on short term basis.

- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E

per **Jayesh Gandhi**
Partner
Membership Number: 037924

Place: Mumbai
Date: February 14, 2014

BALANCE SHEET

as at December 31, 2013

Rupees

Particulars	Notes	As at December 31, 2013	As at December 31, 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	70,652,890	70,235,740
Reserves and surplus	4	6,017,697,424	4,474,442,797
Non-current liabilities			
Trade payables	5	139,009,687	148,003,540
Current liabilities			
Trade payables	5	636,585,510	671,672,759
Other liabilities	6	912,164,853	770,532,855
Provisions	7	1,225,370,545	646,204,112
TOTAL		9,001,480,909	6,781,091,803
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	836,377,517	966,576,986
Investments	9	1,505,799,530	1,507,242,181
Deferred tax assets (Net)	10	161,498,270	124,484,516
Loans and advances	11	1,806,614,268	1,468,314,628
Other assets	13	6,958,357	480,221
Current assets			
Investments	9	2,215,631,084	809,582,011
Trade receivables	12	1,530,101,977	1,083,597,728
Cash and bank balances	14	418,921,895	374,487,662
Loans and advances	11	338,833,710	328,127,376
Other assets	13	180,744,301	118,198,494
TOTAL		9,001,480,909	6,781,091,803
Summary of significant accounting policies	2		

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

As per our report of even date

For **S.R. Batliboi & Co. LLP**
ICAI Firm Registration No.: 301003E
Chartered Accountants

per **Jayesh Gandhi**
Partner
Membership No.: 037924

Date: February 14, 2014
Place: Mumbai

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

Roopa Kudva
Managing Director &
Chief Executive Officer

Nachiket Mor
Director

Neelabja Chakrabarty
Company Secretary
Date: February 14, 2014
Place: Mumbai

M. Damodaran
Director

Yann Le Pallec
Director

H.N. Sinor
Director

STATEMENT OF PROFIT AND LOSS

for the year ended December 31, 2013

Rupees

Particulars	Notes	Year Ended December 31, 2013	Year Ended December 31, 2012
INCOME			
Income from operations	15	7,892,798,559	7,365,982,190
Other income	16	428,993,661	226,477,560
TOTAL		8,321,792,220	7,592,459,750
EXPENSES			
Personnel expenses	17	2,940,427,867	2,732,629,610
Establishment expenses	18	642,529,470	652,408,818
Other expenses	19	1,613,171,250	1,265,343,322
Depreciation / Amortisation	8	232,241,739	239,245,796
TOTAL		5,428,370,326	4,889,627,546
Profit before exceptional item		2,893,421,894	2,702,832,204
Exceptional items	28	993,630,030	-
Profit before tax		3,887,051,924	2,702,832,204
Tax expense			
Current tax	21	1,112,239,742	808,160,913
Deferred tax charge / (benefit)		(37,013,754)	(33,927,659)
TOTAL TAX EXPENSE		1,075,225,988	774,233,254
Profit after tax		2,811,825,936	1,928,598,950
Earnings per share : Nominal value of Re.1			
Basic		39.91	27.49
Diluted (On account of ESOS, refer note 33)		39.79	27.34
Number of Shares used in Computing earnings per share			
Basic		70,456,790	70,150,532
Diluted (On account of ESOS, refer note 33)		70,668,105	70,531,039
Summary of significant accounting policies	2		

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

As per our report of even date

For **S.R. Batliboi & Co. LLP**
ICAI Firm Registration No.: 301003E
Chartered Accountants

per **Jayesh Gandhi**
Partner
Membership No.: 037924

Date: February 14, 2014
Place: Mumbai

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

Roopa Kudva
Managing Director &
Chief Executive Officer

Nachiket Mor
Director

Neelabja Chakrabarty
Company Secretary
Date: February 14, 2014
Place: Mumbai

M. Damodaran
Director

Yann Le Pallec
Director

H.N. Sinor
Director

CASH FLOW STATEMENT

for the year ended December 31, 2013

Rupees

Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	3,887,051,924	2,702,832,204
Adjustments for :		
Depreciation/Amortisation	232,241,739	239,245,796
Unrealised foreign exchange (gain)/loss	22,081,382	(11,497,262)
Profit on sale of fixed assets	(8,067,594)	(16,566,770)
Exceptional item - Profit on sale of investments (Refer note 28)	(993,630,030)	-
Provision for bad debts	108,054,193	115,807,565
Interest on bank deposits	(22,381,856)	(48,247,079)
Interest on loan to subsidiary	(71,237,887)	(35,898,211)
Dividend income - Other investments	(66,820,743)	(27,247,726)
Operating profit before working capital changes	3,087,291,128	2,918,428,517
Movements in working capital		
- (Increase)/decrease in trade receivables	(560,204,452)	(404,607,708)
- (Increase)/decrease in sundry deposits	7,162,284	(18,602,802)
- (Increase)/decrease in loans to employees	845,064	(6,239,190)
- (Increase)/decrease in advances	(4,571,551)	(32,015,720)
- (Increase)/decrease in accrued revenue	(58,927,433)	(33,968,055)
- Increase/(decrease) in trade payables	(43,642,470)	(87,232,615)
- Increase/(decrease) in unearned revenue and fees received in advance	27,156,811	(70,255,944)
- Increase/(decrease) in provision for leave benefits	24,932,720	39,087,113
- Increase/(decrease) in provision for gratuity	2,840,148	26,379,261
- Increase/(decrease) in other liabilities	4,939,795	(12,426,830)
Cash generated from operations	2,487,822,044	2,318,546,027
- Taxes paid	(1,024,131,367)	(832,430,963)
NET CASH GENERATED FROM OPERATING ACTIVITIES - (A)	1,463,690,677	1,486,115,064
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(108,729,217)	(206,019,926)
Proceeds from sale of fixed assets	14,988,029	31,986,685
Interest on loan to subsidiary	66,003,765	29,262,317
Loan given to subsidiary	(455,224,348)	(831,617,882)
Loan repaid by subsidiary	213,044,300	62,228,250
Investments in mutual funds	(2,215,631,084)	(2,149,582,011)
Sale proceeds from investments in mutual funds	809,582,041	1,340,000,000
Investment in fixed deposits	(157,506,618)	(100,000)
Proceeds from fixed deposit maturity	7,958,102	1,354,061,688
Payment made for acquisition of Coalition Development Systems (India) Private Limited (Refer note - 34)	-	(87,133,877)

Rupees

Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Payment made for acquisition of Mercator Info-Services India Private Limited (Refer note - 34)	-	(37,108,494)
Sale proceeds from divestiture in India Index Services and Products Limited (Refer note - 28)	1,000,000,000	-
Investment in Credit Analysis and Research Limited	(812)	-
Investment in CRISIL Irevna UK Limited	-	(298,883,583)
Interest on bank deposits	19,443,710	106,588,362
Investment in CRISIL Irevna Information Technology (Hangzhou) Co. Limited	(4,926,537)	-
Dividend income - Other investments	66,820,743	27,247,726
NET CASH GENERATED (USED) IN INVESTING ACTIVITIES - (B)	(744,177,926)	(659,070,745)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital on exercise of stock options (Refer note - 33)	249,132,360	102,812,724
Dividend and dividend tax paid	(1,071,265,556)	(1,202,206,941)
Payment towards buy back of shares	-	(6,795,885)
NET CASH USED IN FINANCING ACTIVITIES - (C)	(822,133,196)	(1,106,190,102)
D. EFFECT OF EXCHANGE DIFFERENCE ON TRANSLATION OF FOREIGN CURRENCY CASH AND CASH EQUIVALENTS - (D)	317,138	2,689,339
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	(102,303,307)	(276,456,444)
Cash and cash equivalents - Opening balance	359,499,380	635,955,824
Cash and cash Equivalents - Closing balance	257,196,073	359,499,380
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(102,303,307)	(276,456,444)
Components of cash and cash equivalents as at		
With banks on current account	246,855,794	349,498,075
Unpaid dividend account (Earmarked for unpaid dividend)	10,340,279	10,001,305
	257,196,073	359,499,380

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

As per our report of even date

For **S.R. Batliboi & Co. LLP**
ICAI Firm Registration No.: 301003E
Chartered Accountants

per **Jayesh Gandhi**
Partner
Membership No.: 037924

Date: February 14, 2014
Place: Mumbai

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

Roopa Kudva
Managing Director &
Chief Executive Officer

Nachiket Mor
Director

Neelabja Chakrabarty
Company Secretary
Date: February 14, 2014
Place: Mumbai

M. Damodaran
Director

Yann Le Pallec
Director

H.N. Sinor
Director

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

1 NATURE OF OPERATIONS

CRISIL Limited ('the Company') is a global analytical company providing ratings and research services. CRISIL is India's leading ratings agency and also the foremost provider of high-end research to the world's largest banks and leading corporations. With sustainable competitive advantage arising from our strong brand, unmatched credibility, market leadership across businesses, and large customer base, CRISIL delivers analysis, opinions, and solutions that make markets function better.

1.1 Basis of preparation of financial statement

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis in compliance with all material aspect of the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

2.2 Fixed assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Items of fixed asset held for

disposal are stated at lower of the net book value and net realisable value and are shown under other current assets.

Software purchased is charged to the Statement of Profit and Loss as and when incurred.

2.3 Depreciation

Depreciation is provided using the Straight Line Method ('SLM') as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Act, whichever is higher.

Assets	Rates (SLM)	Schedule XIV Rates (SLM)
Buildings	5.00%	1.63%
Furniture & fixtures	10.00%	6.33%
Office equipments	10.00%	4.75%
Office equipments (Mobile instruments)	33.33%	4.75%
Computers	33.33%	16.21%
Vehicles	33.33%	9.50%

Leasehold Improvements are amortised over the lease term or useful life of the asset, whichever is less.

Fixed assets having original cost of less than Rs. 5,000 individually, are depreciated fully in the year / period of purchase.

2.4 Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

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

2.5 Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating

leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.6 Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

2.7 Revenue recognition

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

Income from operations

Income from Operations comprises of income from initial rating fees and surveillance services, global research and analytical services, customised research, subscriptions to information products and services, revenue from initial public offering (IPO) grading services and independent equity research (IER) services. Initial rating fees are deemed to accrue at 96% on the date the rating is awarded and the balance 4% is recorded equally over 11 months subsequent to the month in which the rating was awarded. Revenue on service contracts are recognised on completion of related services. Surveillance fee, subscription to information products and services and revenue from IER are accounted on a time proportion basis. Revenue from customised research and IPO grading are recognised in the period in which such assignments are carried out or milestones achieved. Fees with respect to certain categories of clients are recognised only when there is reasonable certainty of collection.

Interest income

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

Dividend income

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

Profit/(loss) on sale of investment

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

2.8 Retirement and other employee benefits

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective authorities.

Gratuity liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

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.

Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

2.9 Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in reporting currency (INR) by applying to the foreign currency amount to the monthly average exchange rates for the respective periods in which the transaction takes place

Conversion

Foreign currency monetary items are reported using the closing rates. Non monetary items which are carried in terms of historical costs denominated in

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

a foreign currency are reported using the exchange rate at the date of transaction.

Exchange difference

Exchange differences relating to long term monetary items, arising during the year are accumulated in the "Foreign Currency Monetary Item Translation Account" and amortised to the Statement of Profit and Loss over the balance life of the long term monetary item. All other exchange differences are recognised as income or expense in the Statement of Profit and Loss.

Non-monetary items carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rate that existed, when the values were determined. Exchange differences arising as a result of the above are recognised as income or expense in the Statement of Profit and Loss.

Forward contract

Forward contracts are entered into, to hedge the foreign currency risk of the underlying outstanding at the balance sheet date and also to hedge the foreign currency risk of firm commitment or highly probable forecast transactions. The premium or discount on forward contracts that are entered into, to hedge the foreign currency risk of the underlying outstanding at the balance sheet date arising at the inception of each contract, is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognised as income or as expense for the year.

In relation to the forward contracts entered into, to hedge the foreign currency risk of the underlying outstanding at the balance sheet date, the exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date or the settlement date where

the transaction is settled during the reporting year, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognised in the Statement of Profit and Loss in the reporting year in which the exchange rates change.

The Company has adopted the principles of AS 30 "Financial Instruments: Recognition and Measurement" in respect of its derivative financial instruments that are not covered by AS 11 "Accounting for the Effects of Changes in Foreign Exchange Rates" and that relate to a firm commitment or a highly probable forecast transaction. In accordance with AS 30, such derivative financial instruments, which qualify for cash flow hedge accounting and where the Company has met all the conditions of AS 30, are fair valued at the balance sheet date and the resultant gain/loss is credited/debited to the Hedging Reserve Account included in the Reserves and Surplus. This gain/loss would be recorded in the Statement of Profit and Loss when the underlying transactions affect earnings. Other derivative instruments that relate to a firm commitment or a highly probable forecast transaction and that do not qualify for hedge accounting, have been recorded at fair value at the reporting date and the resultant gain/loss has been credited/debited to the Statement of Profit and Loss for the year.

Foreign currency translation on long term monetary items

In line with notification of the Companies (Accounting Standards) Amendment Rules, 2011 issued by Ministry of Corporate Affairs on December 29, 2011 amending Accounting Standard - 11 (AS - 11) 'The Effects of Changes in Foreign Exchange Rates (revised 2003), the Company has chosen to exercise the option under para 46A inserted in the standard by the notification. Accordingly, exchange differences on all long term monetary items, with prospective effect from April 01, 2011, has been accumulated in the "Foreign Currency Monetary Translation Account" and amortised to the Statement of Profit and Loss over the balance life of the long term monetary item.

2.10 Taxes on Income

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act of 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent it is no longer reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available.

2.11 Segment reporting policies

Segment policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

Identification of segments

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the geographical locations of customers.

Inter segment transfers

The Company generally accounts for inter segment services and transfers as if the services or transfers were to third parties at current market prices.

Allocation of common costs

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

Unallocated items

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

2.12 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, 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.

2.13 Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

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 are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

2.14 Cash and cash equivalents

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

2.15 Employee stock compensation cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis wherever grant price is lower than the market price.

3. SHARE CAPITAL		Rupees
	As at December 31, 2013	As at December 31, 2012
Authorised Capital		
100,000,000 Equity Shares of Re.1 each (P.Y. 100,000,000 of Re.1 each)	100,000,000	100,000,000
Issued, Subscribed and Paid Up		
70,652,890 Equity Shares of Re. 1 each fully paid up (P.Y. 70,235,740 of Re. 1 each)	70,652,890	70,235,740
TOTAL	70,652,890	70,235,740

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year		
Equity shares		
	As at December 31, 2013	
	Rupees	Nos.
At the beginning of the year (face value of Re. 1/- per share)	70,235,740	70,235,740
Add - Issued during the year - Under employee stock option scheme (ESOS) (Refer Note 33)	417,150	417,150
Outstanding at the end of the year	70,652,890	70,652,890

	As at December 31, 2012	
	Rupees	Nos.
At the beginning of the year (face value of Re. 1/- per share)	70,058,440	70,058,440
Add - Issued during the year - Under employee stock option scheme (ESOS) (Refer Note 33)	177,300	177,300
Outstanding at the end of the year	70,235,740	70,235,740

(b) Terms/ rights attached to equity shares

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

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

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

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

Particulars	Rupees	
	As at December 31, 2013	As at December 31, 2012
Group Holding of the McGraw Hill Financial, Inc.		
31,209,480 Equity shares of Re. 1 each fully paid held by S&P India, LLC, Fellow Subsidiary (P.Y. 31,209,480 of Re. 1 each)	31,209,480	31,209,480
10,612,709 * Equity shares of Re. 1 each fully paid held by McGraw-Hill Asian Holdings (Singapore) Pte Limited, LLC, Fellow Subsidiary (P.Y. Nil)	10,612,709	-
* 10,350 Equity shares pending registration for transfer as on 31 December 2013 have not been included above.		
6,000,000 Equity shares of Re. 1 are held by Standard & Poor's International LLC-USA, Fellow Subsidiary (P.Y. 6,000,000 of Re. 1 each)	6,000,000	6,000,000
	47,822,189	37,209,480

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

Particulars	Nos.
Equity shares bought back by the company	
In 2009	Nil
In 2010	1,281,560
In 2011	910,000
In 2012	Nil
In 2013	Nil
	2,191,560

Aggregate number of bonus shares and shares issued for consideration other than cash during the period of 5 years immediately preceding the reporting date is Nil.

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

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

Name of the shareholder	As at December 31, 2013	
	% holding in the class	Nos.
Equity shares of Re. 1 each fully paid		
1. Group Holding of the McGraw Hill Financial, Inc.		
a) S&P India, LLC	44.17%	31,209,480
b) McGraw-Hill Asian Holdings (Singapore) Pte. Ltd.	15.02%	10,612,709
c) Standard & Poor's International LLC, USA	8.49%	6,000,000
2. Jhunjhunwala Rakesh & Rekha	5.66%	4,000,000

Name of the shareholder	As at December 31, 2012	
	% holding in the class	Nos.
Equity shares of Re. 1 each fully paid		
1. Group Holding of the McGraw Hill Financial, Inc.		
a) S&P India, LLC	44.44%	31,209,480
b) McGraw-Hill Asian Holdings (Singapore) Pte. Ltd.	-	-
c) Standard & Poor's International LLC, USA	8.54%	6,000,000
2. Jhunjhunwala Rakesh & Rekha	7.69%	5,400,000

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

(f) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option scheme (ESOS) plan of the Company, please refer note 33.

4. RESERVES AND SURPLUS

	Rupees	
	As at December 31, 2013	As at December 31, 2012
Securities premium account		
Opening balance	102,635,424	-
Add :- Received on exercise of employee stock options (Refer note 33)	248,715,210	102,635,424
	351,350,634	102,635,424
Capital reserve		
	122,232,111	122,232,111
Capital redemption reserve		
	2,191,560	2,191,560
General reserve		
Opening balance	636,969,222	444,109,327
Add : Transferred from the Statement of Profit and Loss	281,182,594	192,859,895
	918,151,816	636,969,222

4. RESERVES AND SURPLUS (CONTD.)

Rupees

	As at December 31, 2013	As at December 31, 2012
Hedging reserve account		
Opening balance	(29,611,842)	(162,366,170)
(Add)/Less : Movement during the year	(108,810,447)	132,754,328
	(138,422,289)	(29,611,842)
Foreign currency monetary item translation account		
Opening balance	79,422,051	45,664,182
Add :- Movement during the year	163,213,013	33,757,869
	242,635,064	79,422,051
Surplus in the Statement of profit and loss		
Opening balance	3,560,604,271	3,130,239,202
Add : Profit after tax for the year	2,811,825,936	1,928,598,950
Less: Appropriations		
Proposed final equity dividend	(706,528,900)	(280,942,960)
Interim dividend	(634,997,490)	(842,225,470)
Corporate dividend tax	(230,162,695)	(182,205,556)
Transfer to general reserve	(281,182,594)	(192,859,895)
Total appropriations	(1,852,871,679)	(1,498,233,881)
Net surplus in the statement of profit and loss	4,519,558,528	3,560,604,271
TOTAL	6,017,697,424	4,474,442,797

5. TRADE PAYABLES

Rupees

	As at December 31, 2013	As at December 31, 2012
Current		
Trade payables (Refer note 22)	636,585,510	671,672,759
	636,585,510	671,672,759
Non-current		
Trade payables (Refer note 22)	139,009,687	148,003,540
	139,009,687	148,003,540
TOTAL	775,595,197	819,676,299

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

6. OTHER LIABILITIES		Rupees
	As at December 31, 2013	As at December 31, 2012
Current		
Statutory liabilities	65,899,993	60,960,198
Unearned revenue and fees received in advance	697,502,292	669,959,510
Forward contract liability	138,422,289	29,611,842
Unpaid dividend (Investor Education and Protection Fund will be credited as and when due)	10,340,279	10,001,305
TOTAL	912,164,853	770,532,855

7. PROVISIONS		Rupees
	As at December 31, 2013	As at December 31, 2012
Current		
For employee benefits		
For gratuity (Refer note 30)	75,020,727	72,180,579
For leave benefits	272,437,321	247,504,601
Other provisions		
Proposed equity dividend	706,528,900	280,942,960
Corporate dividend tax thereon	120,074,587	45,575,972
For tax (net of advance tax)	51,309,010	-
TOTAL	1,225,370,545	646,204,112

8. FIXED ASSETS										Rupees
	Gross Block at Cost				Accumulated Depreciation/Amortisation				Net Block	
	Rs at January 1, 2013	Additions	Deductions / Adjustments	Rs at December 31, 2013	Up to January 1, 2013	For the Year	Deductions / Adjustments	Up to December 31, 2013	Rs at December 31, 2013	
Tangible assets										
Buildings	157,352,097	-	-	157,352,097	102,237,888	7,783,110	-	110,020,998	47,331,099	
Furniture and fixtures	219,483,736	2,639,535	6,465,850	215,657,421	108,667,405	16,809,043	6,113,632	119,362,816	96,294,605	
Office equipments	337,391,869	8,719,330	25,549,977	320,561,222	148,360,989	29,679,158	23,458,815	154,581,332	165,979,890	
Computers	556,227,762	77,713,961	37,144,157	596,797,566	427,575,059	83,886,876	36,060,211	475,401,724	121,395,842	
Vehicles	55,788,073	14,233,526	13,220,667	56,800,932	31,084,660	14,583,586	9,827,558	35,840,688	20,960,244	
Leasehold improvements	692,347,645	5,656,353	-	698,003,998	234,088,195	79,499,966	-	313,588,161	384,415,837	
TOTAL	2,018,591,182	108,962,705	82,380,651	2,045,173,236	1,052,014,196	232,241,739	75,460,216	1,208,795,719	836,377,517	

	Gross Block at Cost				Accumulated Depreciation/Amortisation				Net Block	
	Rs at January 1, 2012	Additions	Deductions / Adjustments	Rs at December 31, 2012	Up to January 1, 2012	For the Year	Deductions / Adjustments	Up to December 31, 2012	Rs at December 31, 2012	
Tangible assets										
Buildings	161,565,478	-	4,213,381	157,352,097	97,829,098	7,973,585	3,564,795	102,237,888	55,114,209	
Furniture and fixtures	213,361,302	13,303,647	7,181,213	219,483,736	95,029,791	17,825,172	4,187,558	108,667,405	110,816,331	
Office equipments	318,238,923	30,429,970	11,277,024	337,391,869	124,385,477	30,387,443	6,411,931	148,360,989	189,030,880	
Computers	539,541,250	90,640,398	73,953,886	556,227,762	408,300,413	92,419,829	73,145,183	427,575,059	128,652,703	
Vehicles	53,799,363	17,224,409	15,235,699	55,788,073	31,448,751	13,739,330	14,103,421	31,084,660	24,703,413	
Leasehold improvements	645,043,872	58,844,810	11,541,037	692,347,645	163,523,707	76,900,437	6,335,949	234,088,195	458,259,450	
TOTAL	1,931,550,188	210,443,234	123,402,240	2,018,591,182	920,517,237	239,245,796	107,748,837	1,052,014,196	966,576,986	

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

9. INVESTMENTS			Rupees	
	As at December 31, 2013		As at December 31, 2012	
A. Non-current investments				
Trade investments (valued at cost unless stated otherwise)				
Unquoted equity instruments				
Investment in Subsidiaries (Companies under same management)				
49,999,900 (P.Y. 49,999,900) Equity Shares of CRISIL Risk and Infrastructure Solutions Limited of Re. 1 each, fully paid up		49,999,900		49,999,900
5,514,100 (P.Y. 5,514,100) Equity Shares of CRISIL Irevna UK Limited, of £ 1 each, fully paid up		1,139,027,822		1,139,027,822
704,018 (P.Y. 704,018) Equity Shares of CRISIL Irevna Argentina S.A. of ARS 1 each, fully paid up		10,501,668		10,501,668
10,000 (P.Y. 10,000) Equity Shares of Pipal Research Analytics and Information Services India Private Limited of Rs. 10 each, fully paid up		111,292,051		111,292,051
100% Investment in the capital (P.Y. 100% Investment) of CRISIL Irevna Information & Technology (Hangzhou) Co., Limited		14,483,687		9,557,150
100,000 (P.Y. 100,000) Equity Shares of Mercator Info-Services India Private Limited of Rs. 10 each, fully paid up (Refer note 34)		37,108,494		37,108,494
50,000 (P.Y. 50,000) Equity Shares of Coalition Development Systems (India) Private Limited of Rs. 10 each, fully paid up (Refer note 34)		87,133,877		87,133,877
Investment in joint venture				
Nil (P.Y. 637,000) Equity Shares of India Index Services and Products Limited of Rs. 10 each, fully paid up (Refer note 28)		-		6,370,000
Other Investments				
300,000 (P.Y. 300,000) Equity Shares of Caribbean Information and Credit Rating Agency of US\$1 each, fully paid up	13,642,500		13,642,500	
Less: Provision for diminution in value of Investment	(13,642,499)	1	(13,642,499)	1

9. INVESTMENTS (CONTD.)			Rupees	
	As at December 31, 2013		As at December 31, 2012	
1,875,000 (P.Y. 1,875,000) Equity Shares of National Commodity and Derivative Exchange Limited of Rs. 10 each, fully paid up		56,250,000		56,250,000
Quoted equity instruments				
Other Investments				
1 (P.Y. Nil) Equity Share of Credit Analysis and Research Limited of Rs. 10 each, fully paid up		812		-
1 (P.Y. 1) Equity Share of ICRA Limited of Rs. 10 each, fully paid up		1,218		1,218
TOTAL LONG TERM (AT COST) - {A} *		1,505,799,530		1,507,242,181
B. Current investments				
Non-trade investments (valued at lower of cost or market value)				
Unquoted mutual funds				
Investments in Mutual Funds (Unquoted)				
Nil (P.Y. 160,177.92) units of face value Rs. 1000.00 each UTI Liquid Cash Plan Institutional - Daily Income Option-Reinvestment (Sold 160,177.92 units during current year)	-		163,292,696	
Nil (P.Y. 1,824,758.72) units of face value Rs. 100.00 each Birla Sunlife Cash Plus - Daily Dividend-Regular Plan-Reinvestment (Sold 1,824,758.72 units during current year)	-		182,831,700	
Nil (P.Y. 1,913,655.10) units of face value Rs. 100.00 each ICICI Prudential Liquid -Regular Plan-Daily Dividend (Sold 1,913,655.10 units during current year)	-		191,408,759	
Nil (P.Y. 181,644.12) units of face value Rs. 1000.00 each Baroda Pioneer Liquid Fund - Daily Dividend Plan (Sold 181,644.12 units during current year)	-		181,758,553	
Nil (P.Y. 90,267.74) units of face value Rs. 1000.00 each IDFC Cash Fund - Regular Plan Daily Dividend (Sold 90,267.74 units during current year)	-		90,290,303	
85,357.00 (P.Y. Nil) units of face value Rs. 1000.00 each Axis Liquid Fund - Direct Plan - Daily Dividend (CFDRR)	85,367,060		-	
80,832.68 (P.Y. Nil) units of face value Rs. 1000.00 each LIC NOMURA MF Liquid Fund - DIRECT - Dividend Plan-LF-D1	88,754,283		-	

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

9. INVESTMENTS (CONTD.)			Rupees	
	As at December 31, 2013		As at December 31, 2012	
251,837.61 (P.Y. Nil) units of face value Rs. 1000.00 each SBI PLF - Direct Plan - Daily Dividend	252,656,083		-	
254,424.06 (P.Y. Nil) units of face value Rs. 1000.00 each IDFC Cash Fund - Direct Plan - Daily Dividend	254,510,561		-	
247,695.21 (P.Y. Nil) units of face value Rs. 1000.00 each UTI-Liquid Cash Plan- Institutional - Direct Plan - Daily Dividend Reinvestment	252,511,814		-	
2,972,261.37 (P.Y. Nil) units of face value Rs. 10.00 each Sundaram Money Fund - Direct Plan - Daily Dividend	30,027,270		-	
24,691,025.15 (P.Y. Nil) units of face value Rs. 10.00 each HDFC Liquid Fund-Direct Plan - Daily Dividend Reinvestment	251,804,013		-	
25,000,000 (P.Y. Nil) units of face value Rs. 10.00 each HDFC FMP 370D August 2013 (4) Fixed Monthly Plan, NFO	250,000,000		-	
25,000,000 (P.Y. Nil) units of face value Rs. 10.00 each UTI FMP Collection Fund - Fixed Monthly Plan, NFO	250,000,000		-	
15,000,000 (P.Y. Nil) units of face value Rs. 10.00 each IDFC FTP Series 31 - Fixed Monthly Plan, NFO	150,000,000		-	
10,000,000 (P.Y. Nil) units of face value Rs. 10.00 each ICICI Prudential Fixed Maturity Plan - Series 69 - 369 Days - Plan J - Fixed Monthly Plan, NFO	100,000,000		-	
25,000,000 (P.Y. Nil) units of face value Rs. 10.00 each Deutsche Mutual Fund - FMP Series 34 - Direct - Growth	250,000,000		-	
	2,215,631,084		809,582,011	
TOTAL INVESTMENTS IN MUTUAL FUNDS {B} **	2,215,631,084		809,582,011	
TOTAL INVESTMENTS {A}+{B}	3,721,430,614		2,316,824,192	
*Aggregate market value of Company's investment in Quoted equity instruments		2,354		1,469
**Aggregate Net Asset Value (NAV) of Company's investment in Unquoted Mutual Funds		2,260,250,085		809,582,011

10. DEFERRED TAX ASSET		Rupees
Particulars	As at December 31, 2013	As at December 31, 2012
Deferred tax liability		
On fixed assets	65,514,871	77,990,904
GROSS DEFERRED TAX LIABILITY	65,514,871	77,990,904
Deferred tax asset		
On lease rent amortisation	51,845,182	50,183,432
On provision for leave encashment	84,839,013	72,208,815
On provision for bonus and commission	29,782,784	22,801,585
On provision for gratuity	18,230,461	21,326,083
On provision for bad debts	33,040,783	27,875,153
On initial rating fees deferred	6,156,020	5,771,506
On disallowance under section 40(a)	3,118,898	2,308,846
GROSS DEFERRED TAX ASSET	227,013,141	202,475,420
NET DEFERRED TAX ASSET	161,498,270	124,484,516

11. LOANS AND ADVANCES		Rupees
Particulars	As at December 31, 2013	As at December 31, 2012
Current		
Unsecured, considered good		
Sundry deposits	2,905,553	54,979,744
Loan to subsidiary	202,710,442	143,354,468
Advances recoverable in cash or kind	40,553,638	49,115,505
Other loans and advances		
Cenvat credit receivable	27,747,124	17,447,892
Prepaid expenses	31,131,355	28,599,105
Loans to employees	33,785,598	34,630,662
	338,833,710	328,127,376
Non-current		
Unsecured, considered good		
Sundry deposits	392,464,184	347,552,277
Loan to subsidiary	1,410,753,186	1,080,541,142
Other loans and advances		
Advance income-tax (net of provision for taxation)	-	36,799,365
Prepaid expenses	3,396,898	3,421,844
	1,806,614,268	1,468,314,628
TOTAL	2,145,447,978	1,796,442,004

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

12. TRADE RECEIVABLES		Rupees
Particulars	As at December 31, 2013	As at December 31, 2012
Current		
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	29,284,365	33,017,898
Unsecured, considered doubtful	97,207,364	85,394,429
Other receivables		
Unsecured, considered good	1,500,817,612	1,050,579,830
Less : Provision for doubtful receivables	(97,207,364)	(85,394,429)
TOTAL	1,530,101,977	1,083,597,728

13. OTHERS ASSETS		Rupees
Particulars	As at December 31, 2013	As at December 31, 2012
Current		
Interest accrued on fixed deposits	215,928	944,942
Accrued revenue	163,593,959	105,319,772
Asset held for sale	-	233,488
Interest accrued on loan to subsidiary	16,934,414	11,700,292
	180,744,301	118,198,494
Non-current		
Interest accrued on fixed deposits	3,705,266	38,106
Other bank balances		
- Deposits with original maturity for more than 12 months	3,253,091	442,115
(Deposit includes fixed deposits with banks Rs. 3,168,815 (P.Y. Rs. 442,115) marked as lien for guarantees issued by banks on behalf of the Company (Refer note 20))		
	6,958,357	480,221
TOTAL	187,702,658	118,678,715

14. CASH AND BANK BALANCES		Rupees
Particulars	As at December 31, 2013	As at December 31, 2012
Cash and cash equivalents		
Balances with banks		
- On current accounts	246,855,794	349,498,075
- On unpaid dividend account	10,340,279	10,001,305
	257,196,073	359,499,380
Other bank balances		
- Deposits with original maturity within 12 months	161,725,822	14,988,282
(Deposit includes fixed deposits with Banks Rs. 5,095,870 (P.Y. Rs. 3,732,206) marked as lien for guarantees issued by banks on behalf of the Company {Refer note 20})		
TOTAL	418,921,895	374,487,662

15. INCOME FROM OPERATIONS		Rupees
Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Income from rating services (Refer note 35)	4,138,915,562	3,963,695,511
Income from research services	3,753,882,997	3,402,286,679
TOTAL	7,892,798,559	7,365,982,190

16. OTHER INCOME		Rupees
Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Interest on bank deposits	22,381,856	48,247,079
Interest on loan to subsidiary	71,237,887	35,898,211
Dividend on investments	66,820,743	27,247,726
Foreign exchange gain (Net)	233,924,425	66,885,224
Rental income	-	7,700,000
Miscellaneous income	26,561,156	23,932,550
Profit on sale of fixed assets (Net)	8,067,594	16,566,770
TOTAL	428,993,661	226,477,560

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

17. PERSONNEL EXPENSES		Rupees
Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Salaries, wages and bonus	2,807,020,336	2,573,997,813
Contribution to provident funds	83,098,146	75,098,916
Contribution to other funds	26,087,196	37,298,914
Staff welfare expenses	67,768,743	80,605,785
Less : Recoveries from subsidiaries towards overheads allocated	(43,546,554)	(34,371,818)
TOTAL	2,940,427,867	2,732,629,610

18. ESTABLISHMENT EXPENSES		Rupees
Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Repairs and maintenance - Buildings	89,389,221	81,478,008
Repairs and maintenance - Others	64,924,508	57,016,841
Electricity	71,553,918	64,205,224
Communication expenses	68,894,998	75,912,220
Insurance	1,422,175	1,459,124
Rent (Refer note 29)	351,762,155	375,865,672
Rates and taxes	1,718,757	2,530,658
Less : Recoveries from subsidiaries towards overheads allocated	(7,136,262)	(6,058,929)
TOTAL	642,529,470	652,408,818

19. OTHER EXPENSES		Rupees
Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Printing and stationery	25,680,812	28,354,485
Conveyance and travelling	191,596,932	177,140,828
Data subscription	32,153,350	30,505,018
Vehicle expenses	729,592	1,013,838
Remuneration to non-whole time directors	13,760,000	13,580,000
Business promotion and advertisement	10,119,757	9,617,466
Professional fees	905,563,483	585,672,017
Professional fees- Associate services	285,506,889	250,529,560
Software purchase expense	25,366,518	35,446,173
Provision for bad debts (Including bad debt)	108,054,193	115,807,565
Software maintenance expenses	7,822,468	6,749,900
Auditors' remuneration (Refer note 24)	3,222,603	3,515,638
Recruitment expenses	5,318,556	15,220,199
Miscellaneous expenses	15,069,182	5,051,503
Less : Recoveries from subsidiaries towards overheads allocated	(16,793,085)	(12,860,868)
TOTAL	1,613,171,250	1,265,343,322

20. DETAILS OF CONTINGENT LIABILITIES ARE AS UNDER		Rupees
Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
1. Bank Guarantee in the normal course of business	8,264,685	4,174,321
2. Disputed Income, Service & Sales Tax Demand:		
(i) Pending before Appellate authorities in respect of which the Company is in appeal	69,882,397	69,882,397
(ii) Decided in Company's favour by Appellate Authorities and Department is in further appeal	23,506,360	23,506,360
3. Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	21,119,281	8,310,771
Management believes that the ultimate outcome of above matters will not have a material adverse impact on its financial position, results of operations and cash flows.		
TOTAL	122,772,723	105,873,849

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

21. The tax year of the Company being the year ending March 31, 2014, the provision for tax for the year is the aggregate of the provision made for the three months ended March 31, 2013 and the provision for the nine months upto December 31, 2013. The tax provision for nine months has been arrived at using the effective tax rate for the period April 1, 2013 to March 31, 2014.

22. The Company has a process of identification of 'suppliers' registered under the "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006" by obtaining confirmations from suppliers. There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006 to whom the company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made.

23. PAYMENT IN FOREIGN CURRENCY

a) Value of imports calculated on C.I.F basis for Capital goods is Rs. Nil (P.Y. Rs. 4,396,539)

b) Expenditure in foreign currency		Rupees
Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Foreign travel	36,258,356	22,732,271
Professional fees	514,320,328	450,746,099
Other expenses	14,832,949	17,014,988
TOTAL	565,411,633	490,493,358

c) Amount remitted during the year in foreign currency, on account of dividends

Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Number of shareholders	3	2
Number of equity shares of Re 1 each held by them on which dividend was paid	47,822,189	37,209,480
Period to which dividend relates	2012 and 2013	2011 and 2012
Amount remitted (Rupees)	515,561,367	548,839,830

24. AUDITORS' REMUNERATION INCLUDES

		Rupees
Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Audit fees	2,789,000	2,939,000
In any other matter		
Certification work	319,000	317,500
Out of pocket expenses	114,603	259,138
TOTAL	3,222,603	3,515,638

25. SEGMENT REPORTING

Business Segments

The Company has two major business segment: Ratings and Research. A description of the types of products and services provided by each reportable segment is as follows:

Rating services includes credit ratings for corporates, banks, bank loans, small and medium enterprises (SME), training in the credit rating field, credit analysis services, grading services and global analytical services

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

Segment reporting for the year ended December 31, 2013

Rupees

Particulars	Business segments		Total
	Ratings	Research	
Operating revenue (Refer note 35)	4,138,915,562	3,753,882,997	7,892,798,559
Segment results	1,639,439,148	1,202,051,506	2,841,490,654
Add / (Less) Unallocables:			
1. Unallocable Income			
Interest income			93,619,743
Profit on sale of fixed assets			8,067,594
Others			196,251,938
2. Unallocable expenditure			(13,766,296)
3. Depreciation			(232,241,739)
Profit before exceptional item			2,893,421,894
Exceptional item (refer note 28)			993,630,030
Profit before tax			3,887,051,924
Tax expense			(1,075,225,988)
Profit after tax			2,811,825,936
Non-cash expenses other than depreciation and amortisation	121,241,113	12,097,544	133,338,657
Segment Assets	431,948,918	2,594,908,023	3,026,856,941
Unallocable Assets*			5,974,623,968
Segment Liabilities	480,580,702	216,921,589	697,502,291
Unallocable Liabilities*			2,215,628,304

Revenue by Geographic segments

Geography	Rupees
India	3,489,816,807
Europe	1,988,605,068
North America	2,151,715,790
Rest of the world	262,660,894
TOTAL	7,892,798,559

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

25. SEGMENT REPORTING (CONTD.)

Segment Reporting for the year ended December 31, 2012

Rupees

Particulars	Business segments		Total
	Ratings	Research	
Operating revenue	3,963,695,511	3,402,286,679	7,365,982,190
Segment results	1,637,716,135	1,138,429,510	2,776,145,645
Add / (Less) Unallocables :			
1. Unallocable income			
Interest income			84,145,290
Profit on sale of fixed assets			16,566,770
Others			71,515,945
2. Unallocable expenditure			(6,295,650)
3. Depreciation			(239,245,796)
Profit before exceptional item			2,702,832,204
Exceptional item			-
Profit before tax			2,702,832,204
Tax expense			(774,233,254)
Profit after tax			1,928,598,950
Non-cash expenses other than depreciation and amortisation	142,649,066	38,624,873	181,273,939
Segment Assets	451,498,731	2,118,484,488	2,569,983,219
Unallocable Assets*			4,211,108,584
Segment Liabilities	466,840,889	203,118,621	669,959,510
Unallocable Liabilities*			1,566,453,756

Revenue by Geographic segments

Geography	Rupees
India	3,165,558,893
Europe	2,035,596,763
North America	2,018,094,096
Rest of the world	146,732,439
TOTAL	7,365,982,190

Notes to Segmental Results :

*Assets and liabilities used interchangeably between segments has been classified as unallocable. The Company believes that it is currently not practicable to allocate all assets and liabilities since a meaningful segregation of the available data is not feasible.

The Company recovered certain common expenses from subsidiaries based on management estimates and disclosed as Recoveries in Notes to the Statement of Profit and Loss.

26. LIST OF RELATED PARTIES

Parties	Relationship
Related parties where control exists	
McGraw Hill Financial, Inc.	The Ultimate Holding Company
CRISIL Risk and Infrastructure Solutions Limited	Subsidiary
CRISIL Irevna UK Limited	Subsidiary
CRISIL Irevna US LLC	Subsidiary of CRISIL Irevna UK Limited
CRISIL Irevna Poland Sp. z o.o	Subsidiary of CRISIL Irevna UK Limited
CRISIL Irevna Argentina S.A.	Subsidiary
CRISIL Irevna Information & Technology (Hangzhou) Co., Limited	Subsidiary
Pipal Research Analytics and Information Services India Private Limited	Subsidiary
Coalition Development Systems (India) Private Limited	Subsidiary
Mercator Info-Services India Private Limited	Subsidiary
Coalition Development Limited, UK	Subsidiary of CRISIL Irevna UK Limited
Coalition Development Singapore Pte Limited	Subsidiary of Coalition Development Limited, UK
Other Related parties	
S&P India, LLC	Fellow Subsidiary
Standard & Poor's LLC	Fellow Subsidiary
Standard & Poor's International LLC, USA	Fellow Subsidiary
Standard & Poor's South Asia Services Private Limited	Fellow Subsidiary
McGraw-Hill Asian Holdings (Singapore) Pte. Ltd.	Fellow Subsidiary
McGraw-Hill Companies Canada Corp.	Fellow Subsidiary
McGraw Hill Asia Holding	Fellow Subsidiary
S&P Credit Market Services Europe Ltd.	Fellow Subsidiary
Standard & Poor's Financial Services, LLC	Fellow Subsidiary
S&P Singapore Pte. Ltd.	Fellow Subsidiary
Standard & Poor's International Hong Kong Limited	Fellow Subsidiary
Standard & Poor's (Australia) Pty. Ltd.	Fellow Subsidiary
India Index Services and Products Limited	Joint Venture (Refer note 28)
Capital IQ	Fellow Subsidiary
Ravinder Singhania	Alternate Director
Key Management Personnel	
Roopa Kudva	Managing Director & Chief Executive Officer

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

27. RELATED PARTY DISCLOSURE			Rupees
Name of the related party	Nature of transaction	Year Ended December 31, 2013	Year Ended December 31, 2012
Standard & Poor's LLC	Professional services rendered	12,404,360	-
	Amount receivable	3,983,452	-
McGraw-Hill Companies Canada Corp	Professional services rendered	5,158,241	5,068,961
	Amount receivable	466,425	450,738
S&P Credit Market Services Europe Ltd	Professional services rendered	330,389,545	296,060,678
	Amount receivable	44,111,842	91,972,917
Standard & Poor's Financial Services, LLC	Professional services rendered	883,938,006	1,018,092,325
	Amount receivable	73,567,961	88,080,946
S&P Singapore Pte. Ltd.	Professional services rendered	30,083,523	22,366,150
	Amount receivable	2,689,320	2,189,457
Standard & Poor's International Hong Kong Limited	Professional services rendered	9,693,662	4,977,283
	Amount receivable	2,479,032	434,611
Standard & Poor's (Australia) Pty. Ltd.	Professional services rendered	21,564,186	8,773,571
	Reimbursement of expenses	7,392,499	3,838,621
	Amount receivable	3,866,784	860,171
	Amount payable	-	6,919,050
S&P India, LLC	Dividend	592,980,120	499,351,680
	Share capital outstanding	31,209,480	31,209,480
Standard & Poor's South Asia Services Private Limited	Reimbursement of expenses received	10,335,078	12,395,424
	Amount receivable	1,957,337	1,617,228
Standard & Poor's International LLC, USA	Dividend	114,000,000	96,000,000
	Share capital outstanding	6,000,000	6,000,000
	Sitting fees and commission paid to nominee directors	3,960,000	3,920,000
McGraw-Hill Asian Holdings (Singapore) Pte. Ltd.	Dividend	137,965,217	-
	Share capital outstanding	10,612,709	-
McGraw Hill Financial, Inc.	Amount receivable	130,018	90,241
(Formerly known as The McGraw-Hill Companies, Inc.)	Reimbursement of expenses received	25,000	-
McGraw Hill Asia Holding	Reimbursement of expenses received	4,475,617	-
	Amount receivable	5,028,803	-

27. RELATED PARTY DISCLOSURE (CONTD.)

			Rupees
Name of the related party	Nature of transaction	Year Ended December 31, 2013	Year Ended December 31, 2012
CRISIL Risk and Infrastructure Solutions Limited	Professional services rendered	1,276,000	1,417,123
	Expenses recovered	33,902,835	41,637,549
	Share of overhead expenses received	38,234,822	53,219,615
	Amount receivable (net)	7,954,926	9,034,742
	Investment outstanding	49,999,900	49,999,900
CRISIL Irevna UK Limited	Professional services rendered	1,210,064,475	1,331,444,149
	Reimbursement of expenses received	2,144,297	-
	Amount receivable (net)	557,113,487	304,768,330
	Investment outstanding	1,139,027,822	1,139,027,822
	Investment made during the year	-	298,883,583
	Loan outstanding	1,613,463,628	1,223,895,610
	Loan given	455,224,348	831,617,882
	Loan repaid	213,044,300	62,228,250
	Interest income	71,237,887	35,898,211
	Interest amount receivable	16,934,414	11,700,292
CRISIL Irevna US LLC	Professional services rendered	1,016,922,029	805,574,785
	Amount receivable (net)	433,976,732	267,041,962
CRISIL Irevna Argentina, S.A.	Investment outstanding	10,501,668	10,501,668
	Professional fees paid	323,512,800	247,516,723
	Amount payable (net)	32,656,980	58,852,904
CRISIL Irevna Poland Sp.zo.o	Amount receivable	-	16,024,247
	Professional fees paid	121,092,526	98,001,063
	Amount payable	11,877,267	15,538,639
	Reimbursement of expenses received	-	5,622,820
India Index Services and Products Limited	Dividend received	7,644,000	7,644,000
	Investment outstanding (Refer note 28)	-	6,370,000
Pipal Research Analytics and Information Services India Private Limited	Investment outstanding	111,292,051	111,292,051

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

27. RELATED PARTY DISCLOSURE (CONTD.)			Rupees
Name of the related party	Nature of transaction	Year Ended December 31, 2013	Year Ended December 31, 2012
	Professional fees paid	128,258,522	-
	Reimbursement of expenses paid	157,824	157,824
	Share of overhead expenses received	29,241,079	-
	Rent recovered	15,998,868	16,400,738
	Amount receivable (payable) (net)	6,799,102	1,351,403
CRISIL Irevna Information & Technology (Hangzhou) Co., Limited	Investment outstanding	14,483,687	9,557,150
	Investment made during the year	4,926,537	-
	Amount payable (net)	13,462,657	6,402,534
	Professional fees paid	108,688,918	42,352,553
Coalition Development Systems (India) Private Limited	Investment outstanding	87,133,877	87,133,877
	Investment made during the year	-	87,133,877
Mercator Info-Services India Private Limited	Investment outstanding	37,108,494	37,108,494
	Investment made during the year	-	37,108,494
Coalition Development Singapore Pte Limited	Professional services paid	657,702	-
	Amount payable	648,082	-
Ravinder Singhania	Professional fees paid	-	275,750
Roopa Kudva*	Remuneration paid	33,603,537	48,133,243
	Options granted	-	25,000

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

28. The Company had 49% interest in India Index Services and Products Limited (a joint venture in India with National Stock Exchange). As per the Accounting Standard relating to Financial Reporting of Interest in Joint Venture (AS 27) notified by Companies Accounting Standards Rules, 2006 as amended, the details of interest in the Joint Venture are as under :

Rupees		
Particulars	Unaudited	
	Year Ended December 31, 2013	Year Ended December 31, 2012
Assets	-	305,906,817
Reserves and Surplus	-	285,143,376
Liabilities	-	14,393,441
Income	105,718,364	134,190,152
Expenses	20,296,948	20,994,847
Tax expense	26,485,595	34,542,462
Contingent liability	-	13,712,655

Note: During the year (as on August 27, 2013), CRISIL sold its entire equity stake in India Index Services & Products Limited (IISL), a joint venture with National Stock Exchange of India Limited (NSE), for a total consideration of Rs. 100 crores. The stake represented 49% of the equity share capital of IISL. The income, expense and tax expense above are for the period January 01, 2013 to August 27, 2013.

29. OPERATING LEASE

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

Rupees		
Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Lease Payment recognised in the Statement of Profit and Loss	351,762,155	375,865,672
Future Minimum Lease Payments		
Not later than One Year	377,355,226	386,372,332
Later than One Year & not later than Five Years	1,398,087,621	1,458,405,847
Later than Five Years	146,106,169	449,711,865
TOTAL	1,921,549,016	2,294,490,044

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

30. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

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

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

Statement of Profit and Loss

Net employee benefit expense (recognised in Personnel expenses)

Rupees

Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Current Service cost	34,505,570	28,630,960
Interest cost on defined benefit obligation	12,996,350	9,679,000
Expected return on plan assets	(7,410,950)	(6,017,529)
Net actuarial (gain) / loss recognised in the year	(14,283,830)	4,424,780
NET GRATUITY BENEFIT EXPENSE	25,807,140	36,717,211

Balance Sheet

Details of provision for gratuity benefit

Rupees

Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Present value of funded obligations	162,622,860	150,986,640	118,386,100	108,091,000	53,926,870
Less: Fair value of plan assets	(87,602,133)	(78,806,061)	(72,584,782)	(51,130,570)	(46,883,930)
NET LIABILITY	75,020,727	72,180,579	45,801,318	56,960,430	7,042,940

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

Rupees

Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Opening defined benefit obligation	150,986,640	118,386,100	108,091,000	53,926,870	41,632,929
Current service cost	34,505,570	28,630,960	26,330,470	14,275,170	12,961,541
Interest cost	12,996,350	9,679,000	8,494,560	4,093,320	2,806,950
Plan amendment cost	-	-	(26,151,020)	-	-
Acquisition cost / (Credit)	(271,450)	-	-	-	-
Actuarial (gain) / loss	(13,242,500)	3,316,830	10,618,610	43,812,226	1,820,550
Benefits paid	(22,351,750)	(9,026,250)	(8,997,520)	(8,016,586)	(5,295,100)
CLOSING DEFINED BENEFIT OBLIGATION	162,622,860	150,986,640	118,386,100	108,091,000	53,926,870

Changes in the fair value of plan assets are as follows:					Rupees
Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Opening fair value of plan assets	78,806,061	72,584,782	51,130,570	46,883,930	22,892,753
Expected return on plan assets	7,410,950	6,017,529	5,183,522	3,434,500	2,574,720
Actuarial gain / (loss)	1,041,302	(1,107,950)	1,057,080	2,992,816	(1,457,120)
Contribution by employer	22,979,840	10,337,950	24,211,130	5,835,910	28,168,677
Asset acquired / Transferred	(284,270)	-	-	-	-
Benefits paid	(22,351,750)	(9,026,250)	(8,997,520)	(8,016,586)	(5,295,100)
CLOSING FAIR VALUE OF PLAN ASSETS	87,602,133	78,806,061	72,584,782	51,130,570	46,883,930

Details of experience adjustment on plan assets and liabilities are as follows:					Rupees
Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Experience adjustment on plan assets	1,041,302	(1,107,950)	1,056,890	2,992,816	(1,457,120)
Experience adjustment on plan liabilities	(1,566,020)	(396,720)	(15,410,000)	(41,461,230)	(2,662,050)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Investment with Insurer	100%	100%
Actual return on plan assets (Based on interest rate declared by the insurer as at 31st March 2013 / 2012)	9.30%	9.30%

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	Year Ended December 31, 2013	Year Ended December 31, 2012
Discount rate	9.40%	8.30%
Estimated rate of return on plan assets	8.50%	8.50%
Expected employee turnover		
Age : 20-44 Years	6.50%	6.50%
Age : 45-58 Years	6.00%	6.00%
Expected employer's contribution next year (Rupees)	26,400,000	24,000,000

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

31. DETAILS OF UNHEDGED FOREIGN EXPOSURE

Rupees

Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Assets	4,095,247,775	3,250,851,327
Liabilities	70,496,822	111,197,936

32. The Company has a revenue hedge programme in place to mitigate foreign exchange (forex) related risk. Accounting for revenue hedge is done as per principles of AS 30 "Financial Instruments: Recognition and Measurement" wherein mark to market on forward contracts entered to hedge highly probable future transactions are routed through hedge reserve account. Details of currency hedge and forward contract value are as under :

Particulars	Year Ended December 31, 2013		Year Ended December 31, 2012	
	Amount	Amount in INR	Amount	Amount in INR
Hedged Currency				
USD	31,891,000	2,015,710,355	30,274,000	1,712,661,900
GBP	10,447,000	1,041,206,340	9,378,000	844,571,350
EUR	4,399,000	370,752,170	4,014,000	294,068,775

33. EMPLOYEE STOCK OPTION SCHEME ("ESOS")

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

Details	ESOP 2012 (1)	ESOP 2012 (2)	ESOP 2011 (1)	ESOP 2011 (2)
Date of grant	16-Apr-12	16-Apr-12	14-Feb-11	14-Feb-11
No. of options granted	903,150	5,125	1,161,000	23,750
Exercise price (Rupees)	1,060.00	1,060.00	579.88	579.88
Graded vesting period :				
1st Year	180,630	5,125	232,200	23,750
2nd Year	361,260	-	464,400	-
3rd Year	361,260	-	464,400	-
Weighted average price of options as per Black-Scholes Option Pricing model at the grant date (Rupees)	320.59	230.97	185.21	149.41

A summary of status of Company's Employee Stock Option Scheme is as given below:

Particulars	As as December 31, 2013 Nos.	As at December 31, 2012 Nos.
Outstanding at the beginning of the year	1,822,200	1,160,000
Add: granted during the year	-	908,275
Less: Forfeited / lapsed during the year	175,665	68,475
Exercised during the year	416,850	177,300
Exercised during the year but not allotted	-	300
Outstanding at the end of the year	1,229,685	1,822,200

The Company uses intrinsic value method to record compensation cost arising on account of grant made under ESOS. The Company has not recorded any compensation cost as the grant has been given at 100% of the closing market price immediately prior to the date of grant on the stock exchange which recorded highest trading volume.

Had the Company recorded the compensation cost on the basis of Fair Valuation method instead of intrinsic value method, employee compensation cost would have been higher by Rs. 162,773,724 (P.Y. Rs. 66,032,202) and EPS would have been as under :

Earnings per share : Nominal value of Re. 1 per share :	Year Ended December 31, 2013	Year Ended December 31, 2012
Basic (Rupees)	37.60	26.55
Diluted (Rupees)	37.49	26.41
Variables	ESOS 2012	ESOS 2011
Key assumptions :		
Expected volatility	30.44%	34.77%
Time to maturity	3.69 Years	3.68 Years
Expected dividend	2.23%	2.37%
Risk free rate of interest	8.40%	8.03%

34. In all cash transaction, CRISIL Limited and its subsidiary acquired 100% stake in Coalition Development Ltd. along with its subsidiaries on 4th July, 2012.

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

35. In the corresponding previous year, there was a one time impact of Rs. 73,079,000 in rating revenue pertaining to previous year on account of certain price renegotiations with retrospective effect.

36. PREVIOUS YEAR COMPARATIVES

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

For **S.R. Batliboi & Co. LLP**
ICAI Firm Registration No.: 301003E
Chartered Accountants

per **Jayesh Gandhi**
Partner
Membership No.: 037924

Date: February 14, 2014
Place: Mumbai

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

Roopa Kudva
Managing Director &
Chief Executive Officer

Nachiket Mor
Director

Neelabja Chakrabarty
Company Secretary
Date: February 14, 2014
Place: Mumbai

M. Damodaran
Director

Yann Le Pallec
Director

H.N. Sinor
Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT ,1956 RELATING TO SUBSIDIARY COMPANY

1	Name of the subsidiary company	CRISIL Risk and Infrastructure Solutions Limited	CRISIL Irevna Argentina S.A.	CRISIL Irevna Poland SP.Zo.o.	CRISIL Irevna UK Limited	CRISIL Irevna US LLC
2	The financial period of the subsidiary Company ended on	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013
3	(a) Number of shares in the subsidiary held by CRISIL Limited at the above date	49,999,900 Equity Shares of Re.1 each, fully paid up	741,072 Equity Shares of ARS 1 each, fully paid up	100 Equity Shares of PLN 500 each, fully paid up	5,514,100 Equity Shares of £ 1 each, fully paid up	1 Equity Share of US\$ 200 each, fully paid up
	(b) Extent of interest of CRISIL in the capital of the subsidiary	100%	100%	100%	100%	100%
4	Net aggregate amount of the profits/ (losses) of the subsidiary so far it concerns the members of CRISIL as is not dealt with the Company's Accounts :					
	(a) Profits / (losses) for the period ended December 31,2013 of the subsidiary (Rupees)	54,263,876	23,323,742	(1,335,761)	33,413,328	13,631,916
	(b) Profits / (losses) for the previous financial year of the subsidiary, since it became the subsidiary of CRISIL Limited (Rupees)	68,404,009	15,615,121	6,996,910	364,773,348	23,626,967
5	Net aggregate amount of the Profits / (Losses) of the subsidiary so far as dealt with or provision is made for those losses in CRISIL Limited accounts					
	(a) For the subsidiary's Financial period ended December 31, 2013 (Rupees)	-	-	-	-	-
	(b) For the previous year since it became a subsidiary of CRISIL Limited (Rupees)	-	-	-	-	-

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

1	Name of the subsidiary company	Pipal Research Analytics and Information Services (I) Pvt. Ltd.	December 31, 2013	CRISIL Irevna Information & Technology (Hangzhou) Co., Ltd.	December 31, 2013	Coalition Development Limited, UK	December 31, 2013	Coalition Development Systems (India) Private Limited	December 31, 2013	Mercator Info-Services India Private Limited	December 31, 2013	Coalition Development Singapore Pte Limited	December 31, 2013
2	The financial period of the subsidiary Company ended on												
3	(a) Number of shares in the subsidiary held by CRISIL Limited at the above date	10,000 Equity Shares of Rs. 10 each, fully paid up.	100%	100% Investment in the capital	100%	174,691 Equity Shares of £ 1 each, fully paid up	100%	50,000 Equity Shares of Rs. 10 each, fully paid up	100%	100,000 Equity Shares of Rs. 10 each, fully paid up	100%	1 Equity Shares of SGD 1 each, fully paid up	100%
4	(b) Extent of interest of CRISIL in the capital of the subsidiary												
4	Net aggregate amount of the profits/ (losses) of the subsidiary so far it concerns the members of CRISIL as is not dealt with the Company's Accounts :												
	(a) Profits / (losses) for the period ended December 31, 2013 of the subsidiary (Rupees)	29,860,906		7,436,296		342,833,285		11,880,574		17,833,424		12,866,902	
	(b) Profits / (losses) for the previous financial year of the subsidiary, since it became the subsidiary of CRISIL Limited (Rupees)	28,770,372		3,030,307		143,824,004		4,798,208		3,116,068		5,277,422	
5	Net aggregate amount of the Profits / (Losses) of the subsidiary so far as dealt with or provision is made for those losses in CRISIL Limited accounts												
	(a) For the subsidiary's Financial period ended December 31, 2013 (Rupees)	-		-		-		-		-		-	
	(b) For the previous year since it became a subsidiary of CRISIL Limited (Rupees)	-		-		-		-		-		-	

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

Roopa Kudva

Managing Director &
Chief Executive Officer

M. Damodaran

Director

H.N. Sinor

Director

Nachiket Mor

Director

Yann Le Pallec

Director

Neelabja Chakrabarty

Company Secretary
Date: February 14, 2014
Place: Mumbai

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of CRISIL Limited

We have audited the accompanying consolidated financial statements of CRISIL Limited ('the Company') and its subsidiaries and joint venture (collectively referred as 'the Group'), which comprise the consolidated Balance Sheet as at December 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and on consideration of reports of other auditors on separate financial statements and other financial information of the components and the consideration of the unaudited financial statements, and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at December 31, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matters

1. We did not audit the financial statements of CRISIL Irevna Limited, UK; CRISIL Irevna LLC, US; CRISIL Irevna Poland Sp. z o.o.; CRISIL Irevna Argentina S.A.; CRISIL Irevna Information & Technology (Hangzhou) Co. Limited, China; Coalition Development Limited, UK and Coalition Development Singapore Pte Limited. The financial statements of these subsidiaries have been prepared under the generally accepted accounting principles ('GAAP') accepted in those respective countries and have been audited by other auditors who have submitted their audit opinions, based on generally accepted auditing standards of their respective countries, to the shareholders of the respective companies, copies of which have been provided to us. The management of the Company has recorded adjustments to convert these audited financial statements of the Company's subsidiaries to accounting principles generally accepted in India, for the purpose of preparation of the consolidated financial statements. The financial statements of these subsidiaries in the aggregate reflect, total assets, revenues, and net cash flows of Rs. 251.17 crores, Rs. 480.45 crores and Rs. 28.86 crores respectively. Our opinion thus, in so far it relates to amounts included in respect of these subsidiaries, is based on the reports of the other auditors under the accounting policies generally accepted in those respective countries. Our opinion is not qualified in respect of this matter.
2. We did not audit the financial statements of two Indian subsidiaries, whose financial statements prepared under the generally accepted accounting principles accepted in India, reflect in relation to the amounts considered in the consolidated financial statements; total assets of Rs. 12.23 crores as at December 31, 2013, total revenue of Rs. 0.38 crores, and total cash outflows amounting to Rs. 0.80 crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.
3. We did not audit the financial information of one joint venture, prepared under the generally accepted accounting principles in India, whose financial information reflects the Group's share of revenue of Rs. 10.57 crores for the period from April 1, 2013 to August 27, 2013, as accounted in the consolidated financial statements of the Group, on the basis of unaudited financial information as certified and furnished to us by the management and our opinion is based solely on this management certified financial information. Our opinion is not qualified in respect of this matter.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E

per **Jayesh Gandhi**
Partner
Membership Number: 037924

Place: Mumbai
Date: February 14, 2014

BALANCE SHEET

as at December 31, 2013

Rupees

Particulars	Notes	As at December 31, 2013 Audited	As at December 31, 2012 Audited
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	70,652,890	70,235,740
Reserve and surplus	4	6,674,326,113	5,219,504,168
Non-current Liabilities			
Trade payables	5	157,266,408	165,137,221
Other liabilities	6	23,017,919	14,448,913
Current Liabilities			
Trade payables	5	1,122,197,153	1,135,260,424
Other liabilities	6	2,037,838,771	2,502,971,771
Provisions	7	1,380,791,095	722,896,501
TOTAL		11,466,090,349	9,830,454,738
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	1,022,309,006	1,142,451,678
Intangible assets	8	3,470,215,445	3,525,391,109
Investments	9	56,252,031	66,354,755
Deferred tax assets (Net)	10	228,603,664	174,841,085
Loans and advances	13	480,647,106	456,063,401
Other assets	14	89,938,786	47,432,722
Current Assets			
Investments	9	2,387,199,083	1,084,312,575
Trade receivables	11	1,194,891,060	1,172,323,353
Cash and bank balances	12	1,899,492,870	1,527,967,773
Loans and advances	13	210,799,149	247,208,657
Other assets	14	425,742,149	386,107,630
TOTAL		11,466,090,349	9,830,454,738
Summary of significant accounting policies	2		

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

As per our report of even date

For **S.R. Batliboi & Co. LLP**
ICAI Firm Registration No.: 301003E
Chartered Accountants

per **Jayesh Gandhi**
Partner
Membership No.: 037924

Date: February 14, 2014
Place: Mumbai

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

Roopa Kudva
Managing Director &
Chief Executive Officer

Nachiket Mor
Director

Neelabja Chakrabarty
Company Secretary
Date: February 14, 2014
Place: Mumbai

M. Damodaran
Director

Yann Le Pallec
Director

H.N. Sinor
Director

STATEMENT OF PROFIT AND LOSS

for the year ended December 31, 2013

Rupees

Particulars	Notes	Year Ended December 31, 2013	Year Ended December 31, 2012
INCOME			
Income from operations	15	11,106,421,999	9,777,175,363
Other income	16	366,421,869	203,795,750
TOTAL		11,472,843,868	9,980,971,113
EXPENSES			
Personnel expenses	17	5,154,779,202	4,390,067,363
Establishment expenses	18	861,362,335	824,718,757
Other expenses	19	1,484,689,251	1,286,084,668
Depreciation / Amortisation	8	379,228,672	343,218,323
TOTAL		7,880,059,460	6,844,089,111
Profit before exceptional item		3,592,784,408	3,136,882,002
Exceptional items	23	658,860,566	-
Profit before tax		4,251,644,974	3,136,882,002
Tax expense			
Current tax		1,316,034,176	918,091,192
Deferred tax charge / (Benefit)		(42,764,418)	14,828,248
TOTAL TAX EXPENSE		1,273,269,758	932,919,440
Profit after tax		2,978,375,216	2,203,962,562
Earnings per share : Nominal value of Re. 1 per share :			
Basic		42.27	31.42
Diluted (On account of ESOS, refer note 28)		42.15	31.25
Number of Shares used in computing earnings per share			
Basic		70,456,790	70,150,532
Diluted (On account of ESOS, refer note 28)		70,668,105	70,531,039
Summary of significant accounting policies	2		

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

As per our report of even date

For **S.R. Batliboi & Co. LLP**
ICAI Firm Registration No.: 301003E
Chartered Accountants

per **Jayesh Gandhi**
Partner
Membership No.: 037924

Date: February 14, 2014
Place: Mumbai

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

Roopa Kudva
Managing Director &
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Nachiket Mor
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Company Secretary
Date: February 14, 2014
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M. Damodaran
Director

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Director

H.N. Sinor
Director

CASH FLOW STATEMENT

for the year ended December 31, 2013

Rupees

Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	4,251,644,974	3,136,882,002
Adjustments for :		
Depreciation	379,228,672	343,218,323
Currency fluctuation reserve	(299,817,012)	(46,134,122)
Foreign currency translation reserve	163,704,389	(31,630,476)
Unrealised foreign exchange gain	3,191,994	5,027,333
(Profit)/Loss on sale of fixed assets	(9,205,771)	(9,679,073)
(Profit)/Loss on sale of investments / Exceptional item (Refer note 23)	(711,187,866)	(14,079,037)
Provision for bad debts	121,740,318	118,634,312
Interest on deposits	(36,388,909)	(77,035,438)
Dividend income from other investments	(70,166,182)	(27,166,807)
Operating profit before working capital changes	3,792,744,607	3,398,037,017
Movements in working capital		
- (Increase)/decrease in trade receivables	(147,783,953)	(273,626,010)
- (Increase)/decrease in sundry deposits	12,317,194	(12,199,056)
- (Increase)/decrease in loans	(14,793,831)	(9,763,229)
- (Increase)/decrease in grant	61,476,222	(5,658,431)
- (Increase)/decrease in advances	(14,511,422)	(55,006,910)
- (Increase)/decrease in accrued revenue	(124,142,030)	19,687,919
- Increase/(decrease) in trade payables	26,075,491	70,351,090
- Increase/(decrease) in unearned revenue and fees received in advance	49,788,916	(112,459,784)
- Increase/(decrease) in provision for leave benefits	37,401,144	62,493,208
- Increase/(decrease) in provision for gratuity	2,602,465	25,790,762
- Increase/(decrease) in statutory liabilities	44,208,897	22,244,237
Cash generated from operations	3,725,383,700	3,129,890,813
- Taxes paid	(1,187,151,453)	(897,313,637)
NET CASH GENERATED FROM OPERATING ACTIVITIES - (A)	2,538,232,247	2,232,577,176
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(177,560,091)	(429,901,106)
Proceeds from sale of fixed assets	20,392,922	32,767,763
Investments in mutual funds	(2,387,199,083)	(2,362,118,800)
Sale proceeds from investments in mutual funds	887,440,039	1,370,000,000
Sale proceeds from divestiture in India Index Services and Products Limited (Refer note 23)	1,000,000,000	-
Investment in Credit Analysis and Research Limited	(812)	-
Payment made for acquisition of Coalition group (Refer note 29)	(672,000,000)	(1,419,585,837)

Rupees

Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Investment in fixed deposits	(326,618,606)	(60,636,807)
Proceeds from fixed deposit maturity	63,800,359	1,522,893,242
Interest on deposits	32,485,713	137,655,334
Dividend income from other investments	70,166,182	27,166,807
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES - (B)	(1,489,093,377)	(1,181,759,404)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital on exercise of stock options	249,132,360	102,812,724
Dividend and dividend tax paid	(1,072,564,628)	(1,203,446,989)
Payment towards buy back of shares	-	(6,795,885)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES - (C)	(823,432,268)	(1,107,430,150)
D. EFFECT OF EXCHANGE DIFFERENCE ON TRANSLATION OF FOREIGN CURRENCY CASH AND CASH EQUIVALENTS - (D)		
	1,364,213	1,630,643
Net Increase/(decrease) in cash and cash equivalents (A+B+C+D)	227,070,815	(54,981,735)
Add / (Less) : Adjustment towards acquisition / (divestiture)	(82,846,420)	498,116,517
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS AFTER ACQUISITION/DIVESTURE ADJUSTMENT	144,224,395	443,134,782
Cash and cash equivalents - Opening balance	1,380,965,529	937,830,747
Cash and cash equivalents - Closing balance	1,525,189,924	1,380,965,529
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	144,224,395	443,134,782
Components of cash and cash equivalents as at		
Cash on hand	191,501	220,008
With banks on current account	1,514,658,144	1,370,744,216
Unpaid dividend account (Earmarked for unpaid dividend)	10,340,279	10,001,305
	1,525,189,924	1,380,965,529

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

As per our report of even date

For **S.R. Batliboi & Co. LLP**
ICAI Firm Registration No.: 301003E
Chartered Accountants

per **Jayesh Gandhi**
Partner
Membership No.: 037924

Date: February 14, 2014
Place: Mumbai

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

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Date: February 14, 2014
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M. Damodaran
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Director

H.N. Sinor
Director

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

1 NATURE OF OPERATIONS

CRISIL is a globally-diversified analytical Company providing ratings, research, and risk and policy advisory services. CRISIL is India's leading ratings agency and the foremost provider of high-end research to the world's largest banks and leading corporations. With sustainable competitive advantage arising from strong brand, unmatched credibility, market leadership across businesses, and large customer base, CRISIL delivers analysis, opinions, and solutions that make markets function better.

1.1 Basis of preparation

The Consolidated Financial Statements ('CFS') are prepared in accordance with Accounting Standard ('AS') 21 "Consolidated Financial Statements" and AS- 27 "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India (ICAI). The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006 as amended and the relevant provisions of the Companies Act, 1956 ('the Act') read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principal of consolidation

- 2.1 The consolidated financial statements include the financial statements of CRISIL Limited consolidated with the financial statements of its wholly owned subsidiaries and joint venture ("Group").
- 2.2 The financial statements of the Group and its' subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after duly eliminating intra group balances and intra group transactions and resulting gains/losses as per Accounting Standard 21 - Consolidated Financial Statements notified by Companies Accounting Standards Rules, 2006 as amended and the relevant provisions of the Companies Act, 1956 ('the Act') read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.
- 2.3 The consolidated financial statements are prepared by applying uniform accounting policies in use at the group, except as disclosed.
- 2.4 Interests in joint venture have been accounted by using the proportionate consolidation method as per Accounting Standard 27 - 'Financial Reporting of Interests in Joint Ventures' notified by Companies Accounting Standards Rules, 2006 as amended.
- 2.5 The excess of Group's purchase consideration over the net assets as at the date of investment, has been recognised as Goodwill on consolidation.
- 2.6 The list of subsidiary companies and joint venture and the Holding Company viz. CRISIL's holding directly or through Subsidiaries therein are as under:

Name of the company	Country of Incorporation	Ownership in % either directly or through Subsidiaries	
		December 31, 2013	December 31, 2012
CRISIL Risk and Infrastructure Solutions Limited	India	100%	100%
CRISIL Irevna UK Limited	United Kingdom	100%	100%
CRISIL Irevna USA LLC	United States	100%	100%
India Index Services and Products Limited (Joint Venture)**	India	—*	49%
CRISIL Irevna Argentina S.A.	Argentina	100%	100%
CRISIL Irevna Poland Sp.zo.o.	Poland	100%	100%
Pipal Research Analytics and Information Services India Private Limited	India	100%	100%
Coalition Development Limited, UK	United Kingdom	100%	100%
Coalition Development Systems (India) Private Limited**	India	100%	100%
Mercator Info-Services India Private Limited**	India	100%	100%
Coalition Development Singapore Pte Limited	Singapore	100%	100%
CRISIL Irevna Information Technology (Hangzhou) Co., Limited	China	100%	100%

* During the year, CRISIL sold its entire equity stake in India Index Services & Products Limited, a joint venture with National Stock Exchange of India Limited (NSE).

** All the above entities have uniform year end except Coalition Development Systems (India) Private Limited, Mercator Info-Services India Private Limited & India Index Services and Products Limited (Joint Venture) which have period from April to March.

2.7 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

2.8 Fixed assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any

attributable cost of bringing the asset to its working condition for its intended use. Items of fixed asset held for disposal are stated at lower of the net book value and net realisable value and are shown under other current assets. Software purchased is charged to the Statement of Profit and Loss as and when incurred.

2.9 Depreciation

Depreciation is provided using the Straight Line Method (except in case of India Index Services and Product Limited, Mercator Info-Services India Private Limited and Coalition Development Systems (India) Private Limited where Written Down Value Method is used) as per the useful lives of the assets estimated by the management, details of which are as under :

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

Assets	Estimated Useful Life
Buildings	20 Years
Furniture and fixtures	4 to 16 Years
Office equipments	3 to 21 Years
Computers	3 to 5 Years
Vehicles	3 Years

Leasehold Improvements are amortised over the lease term or useful life of the asset, whichever is less.

2.10 Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

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

2.11 Intangibles

Goodwill (acquired) is amortised on a systematic basis over the best estimate of its useful life. Details of estimated useful life of intangible assets are as under :

Assets	Estimated Useful Life
Goodwill	10 Years
Customer relationship	3 to 7 Years
Brand	7 Years
Non compete	3 Years

2.12 Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.13 Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

2.14 Revenue recognition

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

Income from operations

Income from Operations comprises of income from initial rating and surveillance services, global research and analytical services, customised research, special assignments and subscriptions to information products and services, revenue from initial public offering (IPO) grading services and independent equity research (IER) services. Initial rating fees are deemed to accrue at 96% on the date the rating is awarded and the balance 4% is recorded equally over 11 months subsequent to the month in which the rating was awarded. Revenue on service contracts are recognised on completion of related services. Surveillance fee, subscription to information products and services and revenue from IER are accounted on a time proportion basis. Revenue from customised research and IPO grading are recognised in the period in which such assignments are carried out or milestones achieved. Revenue from infrastructure advisory services are recognised as income in the year in which such assessments/assignments are carried out or milestones achieved. Revenue from risk management services comprises of revenue from sale of software and annual maintenance of software. Fees with respect to certain categories of clients are recognised only when there is reasonable certainty of collection.

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

Interest income

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

Dividend income

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

Profit/(loss) on sale of investment

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

2.15 Retirement and other employee benefits

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective authorities.

Gratuity liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

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.

Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

In respect of foreign subsidiaries retirement benefits are governed and accrued as per local statutes.

2.16 Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in reporting currency (INR) by applying to the foreign currency amount to the monthly average exchange rates for the respective periods in which the transaction takes place

Conversion

Foreign currency monetary items are reported using the closing rates. Non monetary items which are carried in terms of historical costs denominated in a foreign currency are reported using the exchange rate at the date of transaction.

Exchange difference

Exchange differences relating to long term monetary items, arising during the year, such differences are accumulated in the "Foreign Currency Monetary Item Translation Account" and amortised to the profit and loss account over the balance life of the long term monetary item. All other exchange differences are recognised as income or expense in the Statement of Profit and Loss.

Non-monetary items carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rate that existed, when the values were determined. Exchange differences arising as a result of the above are recognised as income or expense in the Statement of Profit and Loss

Forward contract

Forward contracts are entered into, to hedge the foreign currency risk of the underlying outstanding at the balance sheet date and also to hedge the foreign currency risk of firm commitment or highly probable forecast transactions. The premium or discount on forward contracts that are entered into,

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

to hedge the foreign currency risk of the underlying outstanding at the balance sheet date arising at the inception of each contract, is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognised as income or as expense for the year.

In relation to the forward contracts entered into, to hedge the foreign currency risk of the underlying outstanding at the balance sheet date, the exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date or the settlement date where the transaction is settled during the reporting year, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognised in the Statement of Profit and Loss in the reporting year in which the exchange rates change.

The Group has adopted the principles of AS 30 "Financial Instruments: Recognition and Measurement" in respect of its derivative financial instruments that are not covered by AS 11 "Accounting for the Effects of Changes in Foreign Exchange Rates" and that relate to a firm commitment or a highly probable forecast transaction. In accordance with AS 30, such derivative financial instruments, which qualify for cash flow hedge accounting and where the Company has met all the conditions of AS 30, are fair valued at the balance sheet date and the resultant gain / loss is credited / debited to the Hedging Reserve Account included in the Reserves and Surplus. This gain / loss would be recorded in the Statement of Profit and Loss when the underlying transactions affect earnings. Other derivative instruments that relate to a firm commitment or a highly probable forecast transaction and that do not qualify for hedge accounting, have been recorded at fair value at the reporting date and the resultant gain/loss has been credited/debited to the Statement of Profit and Loss for the year.

Foreign Currency Translation on long term monetary items

In line with notification of the Companies (Accounting Standards) Amendment Rules, 2011 issued by Ministry of Corporate Affairs on December 29, 2011 amending Accounting Standard - 11 (AS - 11) 'The Effects of Changes in Foreign Exchange Rates (revised 2003)', the Company has chosen to exercise the option under para 46A inserted in the standard by the notification. Accordingly, exchange differences on all long term monetary items, with prospective effect from April 01, 2011, has been accumulated in the "Foreign Currency Monetary Translation Account" and amortised to the Statement of Profit and Loss over the balance life of the long term monetary item.

2.17 Translation of integral and non integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non integral foreign operation are translated at average exchange rates and resulting exchange differences are accumulated in a currency fluctuation translation reserve until the disposal of the net investment. On disposal of the net investment, this amount is transferred to the Statement of Profit and Loss.

2.18 Taxes on income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. With respect to foreign subsidiaries tax expense is recorded and recognised as per local statute.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of Deferred tax assets are reviewed at each Balance Sheet date. The Company writes down the carrying amount of a Deferred tax asset to the extent it is no longer reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available against which Deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available.

2.19 Segment reporting policies

Segment policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

Identification of segments

The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the geographical locations of customers.

Inter segment transfers

The Group generally accounts for intersegment services and transfers as if the services or transfers were to third parties at current market prices.

Allocation of common costs

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

Unallocated items

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

2.20 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, 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.

2.21 Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; 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 are not discounted to its present value and are determined

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

2.22 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.

2.23 Employee stock compensation cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis wherever grant price is lower than the market price.

3. SHARE CAPITAL		Rupees
	As at December 31, 2013	As at December 31, 2012
Authorised capital		
100,000,000 Equity shares of Re. 1 each (P.Y. 100,000,000 of Re. 1 each)	100,000,000	100,000,000
Issued, Subscribed and Paid Up		
70,652,890 Equity shares of Re. 1 each fully paid up (P.Y. 70,235,740 of Re.1 each)	70,652,890	70,235,740
TOTAL	70,652,890	70,235,740

(a) Reconciliation of shares outstanding at the beginning and at the end of the year		
Particulars	As at December 31, 2013	
	Rupees	Nos.
Equity shares		
At the beginning of the year (face value of Re. 1 per share)	70,235,740	70,235,740
Add - Issued during the year- Under employee stock option scheme (ESOS) (Refer note 28)	417,150	417,150
Outstanding at the end of the year	70,652,890	70,652,890

Particulars	As at December 31, 2012	
	Rupees	Nos.
Equity shares		
At the beginning of the year (face value of Re. 1 per share)	70,058,440	70,058,440
Add - Issued during the year- Under employee stock option scheme (ESOS) (Refer note 28)	177,300	177,300
Outstanding at the end of the year	70,235,740	70,235,740

(b) Terms rights attached to equity shares

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

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

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

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

Particulars	Rupees	
	As at December 31, 2013	As at December 31, 2012
Group Holding of the McGraw Hill Financial, Inc.		
31,209,480 equity shares of Re. 1 each fully paid held by S&P India, LLC, Fellow Subsidiary (P.Y. 31,209,480 of Re. 1 each)	31,209,480	31,209,480
10,612,709 * equity shares of Re. 1 each fully paid held by McGraw-Hill Asian Holdings (Singapore) Pte. Ltd. (P.Y. Nil)	10,612,709	-
* 10,350 Equity Shares pending registration for transfer as on 31 December 2013 have not been included above.		
6,000,000 Equity Shares of Re. 1 are held by Standard & Poor's International LLC, USA, Fellow Subsidiary (P.Y. 6,000,000 of Re. 1 each)	6,000,000	6,000,000

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

Particulars	Nos.
Equity shares bought back by the company	
In 2009	Nil
In 2010	1,281,560
In 2011	910,000
In 2012	Nil
In 2013	Nil
TOTAL	2,191,560

Aggregate number of bonus shares and shares issued for consideration other than cash during the period of 5 years immediately preceding the reporting date is Nil.

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

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

Name of the shareholder	As at December 31, 2013	
	% holding in the class	Nos.
Equity shares of Re. 1 each fully paid		
1. Group Holding of the McGraw Hill Financial, Inc.		
a) S&P India, LLC	44.17%	31,209,480
b) McGraw-Hill Asian Holdings (Singapore) Pte. Ltd.	15.02%	10,612,709
c) Standard & Poor's International LLC, USA	8.49%	6,000,000
2. Jhunjhunwala Rakesh & Rekha	5.66%	4,000,000

Name of the shareholder	As at December 31, 2012	
	% holding in the class	Nos.
Equity shares of Re. 1 each fully paid		
1. Group Holding of the McGraw Hill Financial, Inc.		
a) S&P India, LLC	44.44%	31,209,480
b) McGraw-Hill Asian Holdings (Singapore) Pte. Ltd.	-	-
c) Standard & Poor's International LLC, USA	8.54%	6,000,000
2. Jhunjhunwala Rakesh & Rekha	7.69%	5,400,000

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

(f) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option scheme (ESOS) of the Company. (Refer note 28)

4. RESERVES AND SURPLUS

	Rupees	
	As at December 31, 2013	As at December 31, 2012
Securities premium account		
Opening balance	102,635,424	-
Add:- Amount received on exercise of employee stock option scheme (Refer note 28)	248,715,210	102,635,424
	351,350,634	102,635,424
Capital reserve	122,232,111	122,232,111
Capital redemption reserve	2,191,560	2,191,560
General reserve		
Opening balance	636,969,222	444,109,327
Add : Transfer from the statement of profit and loss	281,182,594	192,859,895
	918,151,816	636,969,222

4. RESERVES AND SURPLUS (CONTD.)		Rupees
	As at December 31, 2013	As at December 31, 2012
Foreign currency monetary item translation account		
Opening balance	79,422,051	45,664,182
(Add)/Less : Movement during the year	163,213,013	33,757,869
	242,635,064	79,422,051
Currency fluctuation translation reserve		
Opening balance	(46,134,122)	9,785,939
(Add)/Less : Movement during the year	(253,682,890)	(55,920,061)
	(299,817,012)	(46,134,122)
Hedging reserve account		
Opening balance	(29,611,842)	(162,366,170)
(Add)/Less : Movement during the year	(108,810,447)	132,754,328
	(138,422,289)	(29,611,842)
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	4,351,799,764	3,647,311,131
Profit for the year	2,978,375,216	2,203,962,562
Less: Appropriation		
Proposed final equity dividend	(706,528,900)	(280,942,960)
Interim dividend	(634,997,464)	(842,225,470)
Corporate dividend tax	(231,461,793)	(183,445,604)
Transfer to general reserve	(281,182,594)	(192,859,895)
Total appropriations	(1,854,170,751)	(1,499,473,929)
NET SURPLUS IN THE STATEMENT OF PROFIT AND LOSS	5,476,004,229	4,351,799,764
TOTAL	6,674,326,113	5,219,504,168

5. TRADE PAYABLES		Rupees
	As at December 31, 2013	As at December 31, 2012
Current		
Trade payables	1,122,197,153	1,135,260,424
	1,122,197,153	1,135,260,424
Non current		
Trade payables	157,266,408	165,137,221
	157,266,408	165,137,221
TOTAL	1,279,463,561	1,300,397,645

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

6. OTHER LIABILITIES		Rupees
	As at December 31, 2013	As at December 31, 2012
Current		
Statutory liabilities	328,408,644	290,082,459
Unearned revenue and fees received in advance	791,511,754	750,600,958
Deferred grant revenue (Refer note 32)	43,576,047	59,291,107
Forward contract payable	138,422,289	29,611,842
Other payables	725,579,758	1,363,384,100
Unclaimed dividend (Investor education and protection fund will be credited as and when due)	10,340,279	10,001,305
	2,037,838,771	2,502,971,771
Non current		
Statutory liabilities	5,851,308	300,626
Unearned revenue and fees received in advance	-	428,615
Deferred grant revenue (Refer note 32)	17,166,611	13,719,672
	23,017,919	14,448,913
TOTAL	2,060,856,690	2,517,420,684

7. PROVISIONS		Rupees
	As at December 31, 2013	As at December 31, 2012
Current		
Proposed dividend	706,528,900	280,942,960
Corporate dividend tax thereon	120,074,587	45,575,972
Provision for tax	124,342,112	6,535,682
For employee benefits		
For leave benefit	351,452,196	314,051,052
For gratuity (Refer note 25)	78,393,300	75,790,835
TOTAL	1,380,791,095	722,896,501

8. FIXED ASSETS											Rupees	
	Gross Block at Cost					Accumulated Depreciation Amortisation					Net Block	
	Rs at January 1, 2013	Additions	Deductions	Currency Translation Reserve	Adjustments	Rs at December 31, 2013	As at January 1, 2013	For the year	On Assets sold	Currency Translation Reserve	Adjustments	Rs at December 31, 2013
Intangibles												
Goodwill on consolidation	3,150,313,229	-	-	-	-	3,150,313,229	-	-	-	-	-	3,150,313,229
Customer relationship	255,311,624	-	-	34,750,903	-	290,062,527	77,923,303	38,212,524	-	14,809,312	-	130,945,139
Brand	32,229,218	-	-	4,386,775	-	36,615,993	9,574,162	24,832,170	-	2,209,661	-	36,615,993
Non compete	41,007,002	-	-	5,581,533	-	46,588,535	28,424,031	12,762,678	-	5,401,826	-	46,588,535
Goodwill	204,098,049	-	-	21,320,278	-	225,418,327	41,646,517	19,885,385	-	3,101,597	-	64,633,499
SUB TOTAL INTANGIBLE ASSETS	3,682,959,122	-	-	66,039,489	-	3,748,998,611	157,568,013	95,692,757	-	25,522,396	-	3,470,215,445
Tangibles												
Buildings	157,352,097	-	-	-	-	157,352,097	102,237,887	7,783,110	-	-	-	110,020,998
Furniture and fixtures	256,140,730	8,461,084	8,580,974	534,705	-	256,555,545	121,424,570	19,221,884	6,655,280	3,961,475	-	137,952,649
Office equipments	384,201,977	46,069,143	44,823,526	(20,884,388)	-	364,563,206	163,302,151	41,373,665	41,685,938	10,295,462	-	173,285,340
Computers	680,445,758	99,984,200	40,980,349	(2,273,039)	-	737,176,570	507,121,123	108,262,995	39,793,362	(2,007,281)	-	573,583,475
Vehicles	68,120,933	14,233,526	14,201,941	(237,497)	-	67,915,021	35,535,298	18,029,020	10,418,115	(81,136)	-	43,065,067
Leasehold improvements	766,350,707	8,612,138	3,547,495	33,294,608	-	804,909,958	240,539,495	88,865,241	2,586,008	1,437,134	-	328,255,862
SUB TOTAL TANGIBLE ASSETS	2,312,612,202	177,560,091	112,134,285	10,434,389	-	2,388,472,397	1,170,160,524	283,535,915	101,138,703	13,605,654	-	1,366,163,391
TOTAL	5,995,571,324	177,560,091	112,134,285	76,473,878	-	6,137,471,008	1,327,728,537	379,228,672	101,138,703	39,128,050	-	4,492,524,451

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

8. FIXED ASSETS (CONTD.)										Rupees		
	Gross Block at Cost					Accumulated Depreciation/Amortisation					Net Block	
	Rs at January 1, 2012	Additions	Deductions	Currency Translation Reserve	Rs at December 31, 2012	Rs at January 1, 2012	For the year	On Assets sold	Currency Translation Reserve	Adjustments	Rs at December 31, 2012	Rs at December 31, 2012
Intangibles												
Goodwill on consolidation	825,225,891	2,325,087,338	-	-	3,150,313,229	-	-	-	-	-	-	3,150,313,229
Customer relationship	235,504,419	-	-	19,807,205	255,311,624	37,312,148	35,496,192	-	5,114,963	-	77,923,303	177,388,321
Brand	29,728,859	-	-	2,500,359	32,229,218	4,584,412	4,361,293	-	628,457	-	9,574,162	22,655,066
Non compete	37,825,658	-	-	3,181,344	41,007,002	13,610,328	12,947,921	-	1,865,782	-	28,424,031	12,582,971
Goodwill	144,786,155	38,175,590	-	21,136,304	204,098,049	14,863,373	16,752,890	-	10,030,254	-	41,646,517	162,451,532
Sub Total Intangible assets	1,273,070,982	2,363,262,928	-	46,625,212	3,682,959,122	70,370,261	69,558,296	-	17,639,466	-	157,568,013	3,525,391,109
Tangibles												
Buildings	161,565,478	-	4,213,381	-	157,352,097	97,829,098	7,973,585	3,564,796	-	-	102,237,887	55,114,210
Furniture and fixtures	235,087,674	32,419,113	12,372,629	1,026,572	256,140,730	100,851,341	19,451,905	6,642,034	7,763,368	-	121,424,570	134,716,160
Office equipments	329,302,704	71,047,733	15,960,179	(188,281)	384,201,977	129,242,063	37,789,437	8,691,054	4,961,705	-	163,302,151	220,899,826
Computers	626,641,723	137,223,025	82,880,292	(538,698)	680,445,758	475,805,706	110,397,154	81,989,021	2,907,284	-	507,121,123	173,324,635
Vehicles	59,984,550	25,135,049	16,751,785	(246,881)	68,120,933	34,472,443	16,406,802	15,619,507	275,560	-	35,535,298	32,585,635
Leasehold improvements	658,076,454	130,695,099	22,373,653	(47,193)	766,350,707	172,580,608	81,641,144	14,723,330	1,041,073	-	240,539,495	525,811,212
Sub Total tangible assets	2,070,638,583	396,520,019	154,551,919	5,519	2,312,612,202	1,010,781,259	273,660,027	131,229,742	16,948,980	-	1,170,160,524	1,142,451,678
TOTAL	3,343,709,565	2,759,782,947	154,551,919	46,630,731	5,995,571,324	1,081,151,520	343,218,323	131,229,742	34,588,436	-	1,327,728,537	4,687,842,787

9. INVESTMENTS			Rupees	
	As at December 31, 2013		As at December 31, 2012	
A. Non-current investments				
Trade investment (valued at cost unless stated otherwise)				
Unquoted equity investments				
Other Investments				
1,875,000 (P.Y.1,875,000) Equity Shares of National Commodity and Derivative Exchange Limited of Rs. 10 each, fully paid up		56,250,000		56,250,000
300,000 (P.Y. 300,000) Equity Shares of Caribbean Information and Credit Rating Agency Of US \$ 1 each, fully paid up	13,642,500		13,642,500	
Less: Provision for diminution in value of Investment	(13,642,499)	1	(13,642,499)	1
Quoted equity instruments				
Other Investments				
1 (P.Y. 1) Equity Share of ICRA Limited of Rs. 10 each, fully paid up		1,218		1,218
Proportional Share of Investments in Bonds by Joint Venture Company (Quoted -At Cost Or Market Value, whichever is lower) (Refer note 23)		-		10,103,536
1 (P.Y. Nil) Equity Share of Credit Analysis and Research Limited of Rs. 10 each, fully paid up		812		-
TOTAL LONG TERM (AT COST) - {A}*		56,252,031		66,354,755
B. Current Investments				
Non-trade investments (valued at lower of cost or market value)				
Unquoted mutual funds				
Investments In Mutual Funds (Unquoted)				
Nil (P.Y. 180,285.40) units of face value Rs. 1000.00 each UTI Liquid Cash Plan Institutional - Daily Income Option-Reinvestment (Sold 180,285.40 units during current year)		-		183,791,174
Nil (P.Y. 1,824,758.72) units of face value Rs. 100.00 each Birla Sunlife Cash Plus - Daily Dividend-Regular Plan-Reinvestment (Sold 1,824,758.72 units during current year)		-		182,831,700
Nil (P.Y. 2,234,997.27) units of face value Rs. 100.00 each ICICI Prudential Liquid -Regular Plan-Daily Dividend (Sold 2,234,997.27 units during current year)		-		223,550,237

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

9. INVESTMENTS (CONTD.)			Rupees	
	As at December 31, 2013		As at December 31, 2012	
Nil (P.Y. 206,846.31) units of face value Rs. 1000.00 each Baroda Pioneer Liquid Fund - Daily Dividend Plan (Sold 206,846.31 units during current year)		-		206,976,625
Nil (P.Y. 90,267.74) units of face value Rs. 1000.00 each IDFC Cash Fund - Regular Plan Daily Dividend (Sold 90,267.74 units during current year)		-		90,290,303
85,357.00 (P.Y. Nil) units of face value Rs. 1000.00 each Axis Liquid Fund - Direct Plan - Daily Dividend (CFDRR)		85,367,060		-
80,832.68 (P.Y. Nil) units of face values 1000.00 each LIC NOMURA MF Liquid Fund - DIRECT - Dividend Plan-LF-D1		88,754,284		-
251,837.61 (P.Y. Nil) units of face value Rs. 1000.00 each SBI PLF - Direct Plan - Daily Dividend		252,656,083		-
254,424.06 (P.Y. Nil) units of face value Rs. 1000.00 each IDFC Cash Fund - Direct Plan - Daily Dividend		254,510,561		-
247,695.21 (P.Y. Nil) units of face value Rs. 1000.00 each UTI-Liquid Cash Plan- Institutional - Direct Plan - Daily Dividend Reinvestment		252,511,814		-
2,972,261.37 (P.Y. Nil) units of face value Rs. 10.00 each Sundaram Money Fund - Direct Plan - Daily Dividend		30,027,270		-
24,691,025.15 (P.Y. Nil) units of face value Rs. 10.00 each HDFC Liquid Fund-Direct Plan - Daily Dividend Reinvestment		251,804,013		-
25,000,000 (P.Y. Nil) units of face value Rs. 10.00 each HDFC FMP 370D August 2013 (4) Fixed Monthly Plan, NFO		250,000,000		-
25,000,000 (P.Y. Nil) units of face value Rs. 10.00 each UTI FMP Collection Fund - Fixed Monthly Plan, NFO		250,000,000		-
15,000,000 (P.Y. Nil) units of face value Rs. 10.00 each IDFC FTP Series 31 - Fixed Monthly Plan, NFO		150,000,000		-
10,000,000 (P.Y. Nil) units of face value Rs. 10.00 each ICICI Prudential Fixed Maturity Plan - Series 69 - 369 Days - Plan J - Fixed Monthly Plan, NFO		100,000,000		-
25,000,000 (P.Y. Nil) units of face value Rs. 10.00 each Deutsche Mutual Fund - FMP Series 34 - Direct - Growth		250,000,000		-
447,326.91 (P.Y. Nil) units of face value Rs. 100.00 each ICICI Prudential Liquid - Regular Plan - Daily Dividend		44,756,936		-
20,691.15 (P.Y. Nil) units of face value Rs. 1000.00 each Axis Liquid - Direct Plan - Daily Dividend		20,693,590		-
18,333.47 (P.Y. Nil) units of face value Rs. 1000.00 each UTI Liquid Cash Plan Institutional - Daily Plan-Daily Dividend		18,689,976		-

9. INVESTMENTS (CONTD.)

Rupees

	As at December 31, 2013	As at December 31, 2012
21,462.56 (P.Y. Nil) units of face value Rs. 1000.00 each UTI Liquid Cash Plan Institutional - Daily Dividend	21,879,917	-
50,367.52 (P.Y. Nil) units of face value Rs. 1000.00 each SBI PLF - Direct Plan - Daily Dividend Plan	50,531,215	-
15,011.26 (P.Y. Nil) units of face value Rs. 1000.00 each IDFC Cash Fund - Daily Dividend - Direct Plan	15,016,364	-
Proportional Share of Investments in Mutual Fund by Joint Venture Company (Unquoted -At Cost Or Market Value, whichever is lower) (Refer note 23)	-	196,872,536
TOTAL INVESTMENTS IN MUTUAL FUNDS {B}**	2,387,199,083	1,084,312,575
TOTAL INVESTMENTS {A}+{B}	2,443,451,114	1,150,667,330
*Aggregate market value of Company's investment in Quoted equity instruments	2,354	10,105,005
**Aggregate Net Asset Value (NAV) of Company's investment in Unquoted Mutual Funds	2,431,818,084	1,281,185,111

10. DEFERRED TAX ASSET

Rupees

Particulars	As at December 31, 2013	As at December 31, 2012
Deferred tax liability		
On fixed assets	69,673,489	79,202,814
On provision for gratuity	333,104	25,011
Gross deferred tax liability	70,006,593	79,227,825
Deferred tax asset		
On lease rent amortisation	56,631,652	53,690,813
On provision for leave encashment	97,991,075	80,123,327
On provision for bonus and commission	36,188,357	27,596,619
On provision for gratuity	19,307,949	21,326,083
On provision for bad debt	41,217,496	36,632,530
On initial rating fees deferred	6,156,018	5,771,506
On fixed assets	12,952,100	4,816,301
On carry forward losses*	21,337,199	18,924,750
On disallowance under section 40(a)	6,828,411	5,186,981
GROSS DEFERRED TAX ASSET	298,610,257	254,068,910
NET DEFERRED TAX ASSET	228,603,664	174,841,085

* The Company assesses the likelihood of deferred tax assets getting recovered from future taxable income.

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

11. TRADE RECEIVABLE		Rupees
Particulars	As at December 31, 2013	As at December 31, 2012
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	28,875,264	22,232,237
Unsecured, considered doubtful	125,135,788	120,385,250
Other receivables		
Unsecured, considered good	1,166,015,796	1,150,091,116
Less : Provision for doubtful receivables	(125,135,788)	(120,385,250)
TOTAL	1,194,891,060	1,172,323,353

12. CASH AND BANK BALANCES		Rupees
Particulars	As at December 31, 2013	As at December 31, 2012
Cash and cash equivalents		
Cash on hand	191,501	220,008
Balances with banks		
On current accounts	1,514,658,144	1,370,744,216
On unpaid dividend accounts	10,340,279	10,001,305
	1,525,189,924	1,380,965,529
Other bank balances		
- Deposit with original maturity within 12 months	374,302,946	147,002,244
(Deposit includes fixed deposits with banks Rs. 8,514,520 (P.Y. Rs. 55,548,142) marked as lien for guarantees issued by banks on behalf of the group. (Refer note 20))		
TOTAL	1,899,492,870	1,527,967,773

13. LOANS AND ADVANCES		Rupees
Particulars	As at December 31, 2013	As at December 31, 2012
Current		
Unsecured, considered good		
Sundry deposits	13,887,986	75,869,008
Advance recoverable in cash or kind	60,420,204	55,813,021
Other loans and advances		
Advance taxes paid	-	469,448
Loans to employees	38,834,602	39,842,559

13. LOANS AND ADVANCES (CONTD.)		Rupees
Particulars	As at December 31, 2013	As at December 31, 2012
Cenvat credit receivable	55,446,629	33,655,897
Prepaid expense	42,209,728	41,558,724
	210,799,149	247,208,657
Non current		
Unsecured, considered good		
Sundry deposits	405,156,561	355,492,733
Advance recoverable in cash or kind	-	7,669,285
Other loans and advances		
Advance taxes paid	67,690,104	80,184,956
Cenvat credit receivable	3,050,153	5,069,928
Prepaid expense	4,750,288	7,646,499
	480,647,106	456,063,401
TOTAL	691,446,255	703,272,058

14. OTHER ASSETS		Rupees
Particulars	As at December 31, 2013	As at December 31, 2012
Current		
Interest accrued on fixed deposit	3,862,399	10,373,974
Accrued revenue	421,879,750	298,308,886
Assets held for sale	-	233,488
Grant receivable (Refer note 32)	-	77,191,282
	425,742,149	386,107,630
Non current		
Interest accrued on fixed deposit	3,814,257	272,677
Grant receivable (Refer note 32)	17,166,611	13,719,672
Other bank balances		
-Deposits with original maturity for more than 12 months	68,957,918	33,440,373
(Deposit includes fixed deposits with bank Rs. 22,324,030 (P.Y. Rs. 626,215) marked as lien for guarantees issued by banks on behalf of the Group (Refer note 20))		
	89,938,786	47,432,722
TOTAL	515,680,935	433,540,352

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

15. INCOME FROM OPERATIONS		Rupees
Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Ratings services (Refer note 30)	4,138,915,562	3,963,695,511
Research services (Refer note 23, 29)	6,410,969,970	5,260,243,281
Advisory services	556,536,467	553,236,571
TOTAL	11,106,421,999	9,777,175,363

16. OTHER INCOME		Rupees
Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Interest on deposits	36,388,909	77,035,438
Profit on sale of fixed assets (Net)	9,205,771	9,679,073
Rental income	-	7,700,000
Foreign exchange gain (Net) (Refer note 2.16)	230,976,272	52,276,146
Profit from sale of investments (Net)	2,701,242	14,079,037
Dividend income from other investments	70,166,182	27,166,807
Miscellaneous income	16,983,493	15,859,249
TOTAL	366,421,869	203,795,750

17. PERSONNEL EXPENSES		Rupees
Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Salaries, wages and bonus	4,779,517,274	4,037,361,513
Contribution to provident funds	206,237,453	179,238,107
Contribution to other funds (Refer note 25)	31,739,287	41,946,355
Staff training and welfare expenses	137,285,188	131,521,388
TOTAL	5,154,779,202	4,390,067,363

18. ESTABLISHMENT EXPENSES		Rupees
Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Repairs and maintenance - Buildings	108,028,964	100,072,372
Repairs and maintenance - Others	91,101,181	70,305,647
Electricity	82,289,491	75,129,860
Communication expenses	107,184,811	104,903,900
Insurance	2,153,643	1,948,686
Rent (Refer note 24)	464,236,673	469,880,136
Rates and taxes	6,367,572	2,478,156
TOTAL	861,362,335	824,718,757

19. OTHER EXPENSES		Rupees
Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Printing and stationery	36,737,723	36,328,732
Conveyance and travelling	323,538,543	281,303,307
Books and periodicals	77,220,879	82,150,539
Vehicle expenses	781,175	1,021,913
Remuneration to non-whole time directors	14,422,511	14,063,318
Business promotion and advertisement	19,224,431	16,744,779
Professional fees	442,449,114	360,788,340
Professional fees - Associate services	295,384,465	259,938,580
Software purchase and maintenance expenses	42,315,972	49,771,712
Provision for bad debts (Including bad debt)	121,740,318	118,634,312
Auditors' remuneration	17,861,818	8,790,481
Recruitment expenses	37,630,744	23,671,008
Miscellaneous expenses	50,007,035	28,281,819
Sales commission	5,374,523	4,595,828
TOTAL	1,484,689,251	1,286,084,668

20. DETAILS OF CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS ARE AS UNDER		Rupees
Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
1. Bank guarantee in the normal course of business	72,438,550	56,174,357
2. Disputed income tax and sales tax demand:		
(i) Pending before appellate authorities in respect of which the group is in appeal	163,227,241	159,281,720
(ii) Decided in group's favour by appellate authorities and department is in further appeal	23,506,360	24,406,312
3. Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	21,460,987	10,097,864
Management believes that the ultimate outcome of above matters will not have a material adverse impact on its financial position, results of operations and cash flows.		
	280,633,138	249,960,253

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

21. SEGMENT REPORTING

Business Segments

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

- Rating services includes credit ratings for corporates, banks, bank loans, small and medium enterprises (SME), training in the credit rating field, credit analysis services, grading services and global analytical services.
- Research segments includes high end equity & corporate research, industry reports, customised research assignments, subscription to data services, independent equity research (IER) and IPO gradings.
- The Advisory segment comprise of infrastructure advisory and risk management practice.

Segment reporting for the year ended December 31, 2013

Rupees

Particulars	Business segments			Total
	Ratings	Research	Advisory	
Operating revenue (Refer note 23, 29, 30)	4,138,915,562	6,410,969,970	556,536,467	11,106,421,999
Segment results	1,639,439,148	2,053,550,435	75,468,555	3,768,458,138
Add / (Less) Unallocables:				
1. Unallocable income				
Interest income				36,388,909
Profit on sale of fixed asset				9,205,771
Profit on sale of investments				2,701,242
Others				169,335,674
2. Unallocable expenditure				(14,076,654)
3. Depreciation				(379,228,672)
Profit before exceptional item				3,592,784,408
Exceptional item (refer note 23)				658,860,566
Profit before tax				4,251,644,974
Tax expense				(1,273,269,758)
Profit after tax				2,978,375,216
Non-cash expenses other than depreciation and amortisation	121,241,113	396,829,414	33,515,287	551,585,814
Segment assets	431,948,918	694,423,841	193,654,089	1,320,026,848
Unallocable assets*				10,146,063,501
Segment liabilities	480,580,702	291,980,357	18,950,695	791,511,754
Unallocable liabilities*				3,929,599,592

Revenue by geographic segments

Geography	Rupees
India	3,902,799,532
Europe	3,372,231,174
North America	3,149,485,891
Rest of the world	681,905,402
TOTAL	11,106,421,999

21. SEGMENT REPORTING (CONTD.)

Segment reporting for the year ended December 31, 2012

Rupees

Particulars	Business segments			Total
	Ratings	Research	Advisory	
Operating revenue	3,963,695,511	5,260,243,281	553,236,571	9,777,175,363
Segment results	1,637,716,135	1,588,432,179	99,672,566	3,325,820,880
Add / (Less) Unallocables :				
1. Unallocable income				
Interest income				77,035,438
Profit on sale of fixed asset				9,679,073
Profit on sale of current investments				14,079,037
Others				63,799,939
2. Unallocable expenditure				(10,314,042)
3. Depreciation				(343,218,323)
Profit before exceptional item				3,136,882,002
Exceptional item				-
Profit before tax				3,136,882,002
Tax expense				(932,919,440)
Profit after tax				2,203,962,562
Non-cash expenses other than depreciation and amortisation	142,649,066	323,591,157	42,235,976	508,476,199
Segment assets	451,498,731	605,699,990	235,509,882	1,292,708,603
Unallocable assets*				8,537,746,135
Segment liabilities	466,840,889	267,010,481	17,178,203	751,029,573
Unallocable liabilities*				3,789,685,257

Revenue by geographic segments

Geography	Rupees
India	3,625,838,050
Europe	2,968,108,219
North America	2,617,011,015
Rest of the world	566,218,079
TOTAL	9,777,175,363

Notes to segmental results :

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

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

22. LIST OF RELATED PARTIES

Parties	Relationship
Related parties where control exists	
McGraw Hill Financial, Inc.	The Ultimate Holding Company
Other related parties	
S&P India, LLC	Fellow Subsidiary
Standard & Poor's LLC	Fellow Subsidiary
Standard & Poor's International LLC, USA	Fellow Subsidiary
Standard & Poor's South Asia Services Private Limited	Fellow Subsidiary
McGraw-Hill Asian Holdings (Singapore) Pte. Ltd.	Fellow Subsidiary
McGraw-Hill Companies Canada Corp	Fellow Subsidiary
McGraw Hill Asia Holding	Fellow Subsidiary
McGraw-Hill Financial Equity Research	Fellow Subsidiary
McGraw-Hill International (UK) Ltd	Fellow Subsidiary
S&P Credit Market Services Europe Ltd	Fellow Subsidiary
Standard & Poor's Financial Services, LLC	Fellow Subsidiary
S&P Singapore Pte. Ltd.	Fellow Subsidiary
Standard & Poor's International Hong Kong Limited	Fellow Subsidiary
Standard & Poor's (Australia) Pty. Ltd.	Fellow Subsidiary
India Index Services and Products Limited	Joint Venture (Refer Note 23)
Capital IQ	Fellow Subsidiary
Ravinder Singhania	Alternate Director
Key Management Personnel	
Roopa Kudva	Managing Director & Chief Executive Officer

22. RELATED PARTY DISCLOSURE (CONTD.)

			Rupees
Name of the related party	Nature of transaction	Year Ended December 31, 2013	Year Ended December 31, 2012
Standard & Poor's LLC	Professional services rendered	12,404,360	4,864,868
	Amount receivable	3,983,452	-
	Revenue share paid	-	837,077
McGraw-Hill Companies Canada Corp	Professional services rendered	5,158,241	5,068,961
	Amount receivable	466,425	450,738
S&P Credit Market Services Europe Ltd	Professional services rendered	330,389,545	296,060,678
	Amount receivable	44,111,842	91,972,917
Standard & Poor's Financial Services, LLC	Professional services rendered	895,081,536	1,048,280,887
	Amount receivable	79,952,695	107,015,627
	Subscription fees paid	1,527,569	-
S&P Singapore Pte. Ltd.	Professional services rendered	30,083,523	22,366,150
	Amount receivable	2,689,320	2,189,457
Standard & Poor's International Hong Kong Limited	Professional services rendered	9,693,662	4,977,283
	Amount receivable	2,479,032	434,611
Standard & Poor's (Australia) Pty. Ltd.	Professional services rendered	21,564,186	8,773,571
	Reimbursement of expenses	7,392,499	3,838,621
	Amount receivable	3,866,784	860,171
	Amount payable	-	6,919,050
Capital IQ	Amount receivable	10,913,563	572,957
	Revenue share received	-	572,957
	Professional services rendered	17,224,713	-
	Reimbursement of expenses received	459,332	-
	Subscription fees paid	859,462	-
S&P India, LLC	Dividend	592,980,120	499,351,680
	Share capital outstanding	31,209,480	31,209,480
Standard & Poor's South Asia Services Private Limited	Reimbursement of expenses received	10,335,078	12,395,424
	Amount receivable	1,957,337	1,617,228
Standard & Poor's International LLC, USA	Dividend	114,000,000	96,000,000
	Share capital outstanding	6,000,000	6,000,000
	Sitting fees & commission paid to nominee directors	3,960,000	3,920,000
McGraw-Hill Asian Holdings (Singapore) Pte. Ltd.	Dividend	137,965,217	-
	Share capital outstanding	10,612,709	-

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

22. RELATED PARTY DISCLOSURE (CONTD.)			Rupees
Name of the related party	Nature of transaction	Year Ended December 31, 2013	Year Ended December 31, 2012
McGraw Hill Financial, Inc.	Amount receivable	130,018	90,241
(Formerly known as The McGraw-Hill Companies, Inc.)	Reimbursement of expenses received	25,000	-
McGraw Hill Asia Holding	Reimbursement of expenses received	4,475,617	-
	Amount receivable	5,028,803	-
McGraw-Hill Financial Equity Research	Professional services rendered	17,934,061	-
	Amount receivable (net)	1,585,834	-
McGraw-Hill International (UK) Ltd	Advance received	2,893,009	-
Ravinder Singhania	Professional fees paid	-	275,750
Roopa Kudva*	Remuneration paid	33,603,537	48,133,243
	Option granted	-	25,000

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

23. The Company had 49% interest in India Index Services and Products Limited (a joint venture in India with National Stock Exchange). As per the Accounting Standard relating to Financial Reporting of Interest in Joint Venture (AS 27) notified by Companies Accounting Standards Rules, 2006 as amended, the details of interest in the Joint Venture are as under :

Particulars	Unaudited	
	Year Ended December 31, 2013	Year Ended December 31, 2012
Assets	-	305,906,817
Reserves and surplus	-	285,143,376
Liabilities	-	14,393,441
Income	105,718,364	134,190,152
Expenses	20,296,948	20,994,847
Tax Expense	26,485,595	34,542,462
Contingent liability	-	13,712,655

Note: During the year (as on August 27, 2013), CRISIL sold its entire equity stake in India Index Services & Products Limited (IISL), a joint venture with National Stock Exchange of India Limited (NSE), for a total consideration of Rs. 100 crores. The stake represented 49% of the equity share capital of IISL. The income, expense and tax expense above are for the period January 01, 2013 to August 27, 2013.

24. OPERATING LEASE

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

Rupees

Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Lease Payment recognised in the statement of profit and loss	464,236,673	469,880,136
Future minimum lease payments		
Not later than one year	473,810,315	434,363,468
Later than one year & not later than five years	1,559,154,487	1,593,328,557
Later than five years	146,106,169	515,909,436
TOTAL	2,179,070,971	2,543,601,461

25. GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS

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

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

Statement of Profit and Loss

Net employee benefit expense (recognised in Personnel expenses)

Rupees

Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Current service cost	41,734,522	33,083,842
Interest cost on defined benefit obligation	14,965,206	11,250,633
Expected return on plan assets	(9,875,118)	(7,562,345)
Net actuarial (gain)/loss recognised in the year	(15,085,323)	5,757,609
NET GRATUITY BENEFIT EXPENSE	31,739,287	42,529,739

Balance Sheet

Details of provision for gratuity benefit

Rupees

Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Present value of funded obligations	190,390,636	176,731,353	137,139,263	122,357,703	59,956,957
Fair value of plan assets	(111,997,336)	(100,940,518)	(87,139,192)	(54,956,729)	(51,514,412)
NET LIABILITY	78,393,300	75,790,835	50,000,071	67,400,974	8,442,545

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

Changes in the present value of the defined benefit obligation are as follows:					Rupees
Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Opening defined benefit obligation	176,731,353	137,139,263	122,357,703	59,956,957	46,923,957
Current service cost	41,734,522	33,083,842	29,464,802	16,653,548	14,085,580
Interest cost	14,965,206	11,250,633	9,589,537	4,774,974	3,128,810
Plan amendments	-	-	(26,151,020)	4,105,740	-
Actuarial (gain)/loss	(13,552,903)	4,214,639	12,286,802	42,889,085	2,629,250
Liabilities assumed on acquisition/ (Settled on divestiture)	(4,472,050)	1,577,122	-	5,212,394	-
Benefits paid	(25,015,492)	(10,534,146)	(10,408,561)	(11,234,995)	(6,810,640)
CLOSING DEFINED BENEFIT OBLIGATION	190,390,636	176,731,353	137,139,263	122,357,703	59,956,957

Changes in the fair value of plan assets are as follows:					Rupees
Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Opening fair value of plan assets	100,940,518	87,139,192	54,956,729	51,514,412	25,723,052
Expected return on plan assets	9,875,118	8,309,796	5,911,588	3,794,502	2,845,210
Actuarial gain/ (loss)	1,556,159	(1,620,049)	1,220,306	2,980,714	(1,479,890)
Contribution by employer	28,738,307	15,832,107	35,459,130	5,835,906	31,236,680
Asset acquired / Transferred	(284,270)	1,813,618	-	2,066,199	-
Benefits paid	(28,828,496)	(10,534,146)	(10,408,561)	(11,235,004)	(6,810,640)
CLOSING FAIR VALUE OF PLAN ASSETS	111,997,336	100,940,518	87,139,192	54,956,729	51,514,412

Details of experience adjustment on plan assets and liabilities are as follows:					Rupees
Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Experience adjustment on plan assets	1,700,065	(1,620,049)	1,220,306	3,581,797	(1,479,840)
Experience adjustment on plan liabilities	(2,061,058)	(1,594,692)	(47,016,952)	(40,991,052)	(3,207,220)

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

Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Investment with insurer	100%	100%
Actual return on plan assets (Based on interest rate declared by the insurer as at 31st March 2013/2012)	9.30%	9.30%

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

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

Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Discount rate	9.40%	8.30%
Estimated rate of return on plan assets	8.50%	8.50%
Expected employee turnover		
Age : 20-44 Years	6.50%	6.50%
Age : 45-57 Years	6.00%	6.00%
Expected employer's contribution next year	32,774,240	29,794,760

With respect to foreign subsidiaries Gratuity and other retiral benefits are provided as per local statute are not disclosed above.

26. The accounts of India Index Services and Products Limited is unaudited and the financial statements (excluding notes to accounts) as certified by the management, have been considered in these consolidated financial statements upto date of sale.

27. The Company has a revenue hedge programme in place to mitigate foreign exchange (forex) related risk. Accounting for revenue hedge is done as per principles of AS 30 "Financial Instruments: Recognition and Measurement" wherein mark to market on forward contracts entered to hedge highly probable future transactions are routed through hedge reserve account. Details of currency hedge and forward contract value are as under :

Particulars	Year Ended December 31, 2013		Year Ended December 31, 2012	
	Amount	Amount in INR	Amount	Amount in INR
Hedged Currency				
USD	31,891,000	2,015,710,355	30,274,000	1,712,661,900
GBP	10,447,000	1,041,206,340	9,378,000	844,571,350
EUR	4,399,000	370,752,170	4,014,000	294,068,775

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2013

28. EMPLOYEE STOCK OPTION SCHEME ("ESOS")

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

Details	ESOP 2012 (1)	ESOP 2012 (2)	ESOP 2011 (1)	ESOP 2011 (2)
Date of grant	16-Apr-12	16-Apr-12	14-Feb-11	14-Feb-11
No. of options granted	903,150	5,125	1,161,000	23,750
Exercise price (Rs.)	1,060.00	1,060.00	579.88	579.88
Graded vesting period :				
1st Year	180,630	5,125	232,200	23,750
2nd Year	361,260	-	464,400	-
3rd Year	361,260	-	464,400	-
Weighted average price of options as per Black-Scholes Option Pricing model at the grant date (Rs)	320.59	230.97	185.21	149.41

A summary of status of Company's employee stock option scheme is as given below:

Particulars	As as December 31, 2013 Nos.	As at December 31, 2012 Nos.
Outstanding at the beginning of the year	1,822,200	1,160,000
Add: granted during the year	-	908,275
Less: Forfeited/lapsed during the year	175,665	68,475
Exercised during the year	416,850	177,300
Exercised during the year but not allotted	-	300
Outstanding at the end of the year	1,229,685	1,822,200

The Company uses intrinsic value method to record compensation cost arising on account of grant made under ESOS. The Company has not recorded any compensation cost as the grant has been given at 100% of the closing market price immediately prior to the date of grant on the stock exchange which recorded highest trading volume.

Had the Company recorded the compensation cost on the basis of Fair Valuation method instead of intrinsic value method, employee compensation cost would have been higher by Rs. 162,773,724 (P.Y. Rs. 66,032,202) and EPS would have been as under :

Earnings per share : Nominal value of Re.1 per share :	Year Ended December 31, 2013	Year Ended December 31, 2012
Basic (Rupees)	39.96	30.48
Diluted (Rupees)	39.84	30.31
Variables	ESOS 2012	ESOS 2011
Key Assumptions		
Expected volatility	30.44%	34.77%
Time to maturity	3.69 Years	3.68 Years
Expected dividend	2.23%	2.37%
Risk free rate of interest	8.40%	8.03%

29. In the previous year, CRISIL Limited and its subsidiary acquired 100% stake in Coalition Development Limited along with its subsidiaries on 4th July, 2012.

30. In the corresponding previous year, there was a one time impact of Rs. 73,079,000 in rating revenue pertaining to previous year on account of certain price renegotiations with retrospective effect.

31. DETAILS OF UNHEDGED FOREIGN EXPOSURE

Rupees

Particulars	Year Ended December 31, 2013	Year Ended December 31, 2012
Assets	833,190,942	572,248,177
Liabilities	38,153,121	60,092,671

32. The Company's operations in Poland have received approval for sanction of grant amounting to Rs. 93,730,350. The grant has been awarded under Operational Program - Innovative Economy scheme and will be available to the Company on fulfillment of certain conditions. During the year, the Company has recognised Rs. Nil (P.Y. Rs. 3,587,890) as grant in the Statement of Profit and Loss.

33. PREVIOUS YEAR COMPARATIVES

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

For **S.R. Batliboi & Co. LLP**
ICAI Firm Registration No.: 301003E
Chartered Accountants

per **Jayesh Gandhi**
Partner
Membership No.: 037924

Date: February 14, 2014
Place: Mumbai

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

Roopa Kudva
Managing Director &
Chief Executive Officer

Nachiket Mor
Director

Neelabja Chakrabarty
Company Secretary
Date: February 14, 2014
Place: Mumbai

M. Damodaran
Director

Yann Le Pallec
Director

H.N. Sinor
Director

STATEMENT PURSUANT TO DETAILS TO BE FURNISHED FOR SUBSIDIARIES AS PRESCRIBED BY THE MINISTRY OF CORPORATE AFFAIRS												Rupees
1	Name of the subsidiary company	CRISIL Risk and Infrastructure Solutions Limited	CRISIL Irevna Argentina S.A.	CRISIL Irevna SP.Zo.o	CRISIL Irevna UK Limited	CRISIL Irevna USA LLC	Pipal Research Analytics and Information Services (I) Pvt. Ltd.	CRISIL Irevna Information Technology (Hangzhou) Co. Ltd.	Coalition Development Limited, UK	Coalition Development Systems (India) Private Limited	Mercator Info-Services India Private Limited	Coalition Development Singapore Pte Limited
2	Share Capital	49,999,900 Equity Shares of Re.1 each, fully paid up	741,072 Equity Shares of ARS 1 each, fully paid up	100 Equity Shares of PLN 500 each, fully paid up	5,514,100 Equity Shares of of £ 1 each, fully paid up	1 Equity Share of US\$ 200 each, fully paid up	10,000 Equity Shares of Rs. 10 each, fully paid up	100% Investment in the capital	174,691 Equity Shares of £ 1 each, fully paid up	50,000 Equity Shares of Rs. 10 each, fully paid up	100,000 Equity Shares of Rs. 10 each, fully paid up	1 Equity Shares of SGD 1 each, fully paid up
3	Reserves & Surplus	428,140,350	51,736,304	18,462,828	59,344,699	(17,984,299)	67,741,735	15,627,911	369,948,233	61,250,208	23,333,663	36,013,719
4	Total Assets	632,565,604	110,407,685	104,248,472	3,608,722,932	571,322,120	120,384,123	41,385,523	848,284,023	76,955,901	45,311,409	60,579,715
5	Total Liabilities	632,565,604	110,407,685	104,248,472	3,608,722,932	571,322,120	120,384,123	41,385,523	848,284,023	76,955,901	45,311,409	60,579,715
6	Investments	-	-	-	2,666,225,790	552,732	-	-	44	-	-	-
7	Turnover	557,669,414	323,512,800	152,926,385	1,955,344,264	1,786,479,511	326,573,021	108,688,918	1,328,168,253	82,477,994	119,526,623	184,493,062
8	Profit/(Loss) Before Taxation	74,877,918	36,291,495	9,416,009	(6,668,829)	28,902,603	42,957,836	11,278,883	469,382,007	15,090,021	22,293,940	13,744,780
9	Tax Expense	20,614,042	12,967,753	10,751,770	(40,082,157)	15,270,687	13,096,930	3,842,587	126,548,721	3,209,447	4,460,516	877,879
10	Profit After Taxation	54,263,876	23,323,742	(1,335,761)	33,413,328	13,631,916	29,860,906	7,436,296	342,833,285	11,880,574	17,833,424	12,866,902
11	Dividend Paid	-	-	-	-	-	-	-	84,132,420	-	-	-

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

Roopa Kudva
Managing Director &
Chief Executive Officer

M. Damodaran
Director

H.N. Sinor
Director

Nachiket Mor
Director

Yann Le Pallec
Director

Neelabja Chakrabarty
Company Secretary
Date: February 14, 2014
Place: Mumbai

NOTICE

NOTICE is hereby given that the Twenty-Seventh Annual General Meeting of the members of CRISIL Limited (the Company) will be held on Thursday, April 17, 2014 at 3.30 p.m. at Rangaswar Hall, 4th floor, Yashwantrao Chavan Pratishthan, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021 to transact the following business:

ORDINARY BUSINESS

1. Adoption of Accounts

To receive, consider and adopt the audited Profit & Loss Account of the Company for the year ended December 31, 2013 and the Balance Sheet as at that date, together with the Report of the Board of Directors and the Auditors thereon.

2. Declaration of Dividend

To confirm the payment of interim dividends on the equity shares for the year ended December 31, 2013 and declare the final dividend and special dividend for the year 2013 on equity shares.

3. Re-appointment of Dr. Nachiket Mor

To appoint a Director in place of Dr. Nachiket Mor, who retires by rotation and being eligible, seeks re-appointment.

4. Re-appointment of Mr. Douglas L. Peterson

To appoint a Director in place of Mr. Douglas L. Peterson, who retires by rotation and being eligible, seeks re-appointment.

5. Re-appointment of Mr. Yann Le Pallec

To appoint a Director in place of Mr. Yann Le Pallec, who retires by rotation and being eligible, seeks re-appointment.

6. Appointment of Auditors

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

"RESOLVED THAT S. R. Batliboi & Co. LLP, (Firm Reg. No. 301003E), Chartered Accountants, be and are hereby re-appointed as Statutory Auditors of the Company to

hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be decided by the Board of Directors."

SPECIAL BUSINESS

7. To consider, and if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution

"RESOLVED THAT Mr. M. Damodaran, who was appointed as an Additional Director of the Company with effect from January 14, 2014 by the Board of Directors of the Company pursuant to Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and in respect of whom, the Company has received a notice under Section 257 of the Companies Act 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. To consider, and if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution

"RESOLVED THAT Ms. Vinita Bali, who was appointed as an Additional Director of the Company with effect from February 14, 2014 by the Board of Directors of the Company pursuant to Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and in respect of whom, the Company has received a notice under Section 257 of the Companies Act 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By order of the Board
For CRISIL Limited

Neelabja Chakrabarty
Company Secretary

Mumbai, February 14, 2014

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. A proxy form duly completed, stamped and signed should reach the Registered Office of the Company not less than 48 hours before the time of the Annual General Meeting.
3. Members / Proxies should bring the duly filled Attendance Slip at the Annual General Meeting. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, March 13, 2014 to Friday, March 14, 2014 (both days inclusive).
5. Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, shall be paid on May 2, 2014:
 - (i) to those Members whose names appear on the Register of Members of the Company after giving effect to all valid transfers in physical form lodged with the Company and its Registrar and Transfer Agents before Wednesday, March 12, 2014; and
 - (ii) in respect of shares held in electronic form, on the basis of beneficial ownership as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the close of business hours on Wednesday, March 12, 2014.
6. Members are requested to note that the Company's shares are under compulsory electronic trading for all investors. Members are, therefore, requested to dematerialise their shareholding to avoid inconvenience. Members whose shares are in electronic mode are requested to inform change of address and updates of bank account(s) to their respective Depository Participants. Members are encouraged to use the Electronic Clearing Services (ECS) for receiving dividends. Shareholders desirous of availing ECS facility for payment of dividend may download the required ECS mandate form from the website of the Company, www.crisil.com.

7. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unclaimed or un-encashed dividends for financial years upto 2005 to the Investor Education and Protection Fund (IEPF) established by the Central Government. The Company transfers the unclaimed or un-encashed dividend to IEPF after the expiry of seven years from the date of transfer to unpaid dividend account. Members who have a valid claim to any unclaimed dividends which are not yet transferred, may claim the same from the Company immediately. The detailed dividend history and due dates for transfer to IEPF are available on website of the Company, www.crisil.com.
8. The Board of Directors of the Company has by resolution given consent for not attaching the balance sheet of the subsidiaries to the Annual Report of CRISIL. The accounts of the subsidiary companies, therefore, are not separately included in the Annual Report. However, the consolidated financial statements, duly audited by the Statutory Auditors, include accounts of subsidiary companies. The Accounts of subsidiary companies and other detailed information will be made available to the investors seeking information at the Company's Registered Office.
9. The certificate from the Statutory Auditors of the Company certifying that the Company's Employee Stock Option Scheme - 2011 and Employee Stock Option Scheme - 2012 are being implemented in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and in accordance with the resolutions passed by the members of the Company will be available for inspection by the members at the Annual General Meeting.
10. The Annual Report of the Company for the financial year 2013 has been emailed to the members whose email addresses are available with the depositories or are obtained directly from the members, as per the MCA Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 on "Green Initiative of Ministry of Corporate Affairs for Corporate Governance". For other members, who have not registered their email addresses, the Annual Report has been sent at their registered postal address. If any member wishes to get a duly printed copy of the Annual Report, the Company will send the same, free of cost, upon receipt of request from the member.

11. All the documents referred to in the Notice and Explanatory Statement will be available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days from the date hereof upto the date of the Meeting.

Pursuant to Clause 49 of the listing agreement with the stock exchanges, the following information is furnished about the Directors proposed to be appointed / re-appointed

Item No. 3

Dr. Nachiket Mor

Dr. Nachiket Mor, Director, retires by rotation and being eligible, seeks re-appointment. A brief resume of Dr. Nachiket Mor is given below:

Dr. Nachiket Mor is a Yale World Fellow; has a Ph.D. in Economics from the Graduate School of Arts and Sciences at the University of Pennsylvania, with a specialisation in Finance from the Wharton School; an MBA in Finance from the Indian Institute of Management, Ahmedabad; and an undergraduate degree in Physics from the Mumbai University.

Dr. Mor worked with ICICI from 1987 to 2007 and was a member of its Board of Directors from 2001 to 2007. From 2007 to 2011, he served as the founding President of ICICI Foundation and during this period was also the Chairman of the Governing Council of IFMR Trust and Board Chairman of FINO. He is now the Board Chairman of CARE India and, among others, is also a member of Reserve Bank of India's Eastern Area Local Board and Central Board; and the Boards of IKP Centre for Technologies in Public Health and CRISIL. In the past he has also served as a Board Member of Wipro for five years and Board Chairman of the Fixed Income Money Market and Derivatives Association of India for two years.

During 2011-12 he served as a member of the High Level Expert Group on Universal Health Coverage appointed by the Planning Commission, and during 2012-13 as a member of the Health Sub-Committee of the National Advisory Council. He currently serves as a member of the RBI Board of Director's Standing Committee on Financial Inclusion; the Research Advisory Council of the RBI's Centre for Advanced Financial Research and Learning; and the Standing Council of Experts on the Indian Financial Sector of the Ministry of Finance, Government of India.

Dr. Mor is not a director of any other public limited company in India. He is the Chairman of the Allotment Committee and Corporate Social Responsibility Committee and a member of

the Audit Committee of CRISIL. He does not hold any shares in the Company and is not related to any Director or Key Managerial Personnel of the Company in any way.

The Board considers it in the interest of the Company to re-appoint Dr. Nachiket Mor as a Director. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Dr. Nachiket Mor, is interested or concerned in this Resolution.

Item No. 4

Mr. Douglas L. Peterson

Mr. Douglas L. Peterson, Director, retires by rotation and being eligible, seeks re-appointment. A brief resume of Mr. Douglas L. Peterson is given below:

Mr. Douglas L. Peterson is President and Chief Executive Officer of McGraw Hill Financial, a leader in credit ratings, benchmarks and analytics for the global capital and commodity markets. Mr. Peterson, 55, was elected President and Chief Executive Officer of McGraw Hill Financial, effective November 2013. He joined the Company in September 2011 and served as President of Standard & Poor's Ratings Services.

Previously, Mr. Peterson was the Chief Operating Officer of Citibank, N.A., Citigroup's principal banking entity that operates in more than 100 countries. Mr. Peterson was with Citigroup for 26 years, during which time he transformed businesses and drove performance in investment and corporate banking, brokerage, asset management, private equity, and retail banking. His prior roles include CEO of Citigroup Japan, Country Manager for Costa Rica and Uruguay, and Chief Auditor of Citigroup.

Mr. Peterson serves on the Board of Directors of McGraw Hill Financial, the Federal Deposit Insurance Corporation's Systemic Resolution Advisory Committee, the Institute of International Finance's Market Monitoring Group, the Boards of Advisors of Wharton Financial Institutions Center and the Kravis Leadership Institute, and the Boards of Trustees of Claremont McKenna College and the Paul Taylor Dance Company.

Mr. Peterson received an MBA from the Wharton School at the University of Pennsylvania and an undergraduate degree in mathematics and history at Claremont McKenna College.

Mr. Peterson is not a director of any other public limited company in India. He is the member of the Nomination and

Remuneration Committee of CRISIL. He does not hold any shares in the Company and is not related to any Director or Key Managerial Personnel of the Company in any way.

The Board considers it in the interest of the Company to re-appoint Mr. Douglas L. Peterson as a Director. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Mr. Douglas L. Peterson, is interested or concerned in this Resolution.

Item No. 5

Mr. Yann Le Pallec

Mr. Yann Le Pallec, Director, retires by rotation and being eligible, seeks re-appointment. A brief resume of Mr. Yann Le Pallec is given below:

Mr. Yann Le Pallec is Standard & Poor's Executive Managing Director for Europe, Middle East, and Africa (EMEA). Mr. Yann Le Pallec is a member of Standard & Poor's Ratings Services Executive Committee and reports to Mr. Neeraj Sahai, its President.

Based in Paris, Mr. Yann Le Pallec leads a team of over 500 ratings analysts and support staff operating from 11 offices: Paris, London, Frankfurt, Madrid, Milan, Moscow, Stockholm, Dubai, Johannesburg, Tel Aviv, and Istanbul. Standard & Poor's is the market leader in credit ratings in EMEA, covering more than 1,000 companies, financial institutions, insurers, public sector entities, and sovereigns.

Before his appointment in December 2011, Mr. Yann Le Pallec occupied various managerial and analytical positions at S&P including Head of EMEA Corporate and Government Ratings (from August 2010 until December 2011), Regional Practice Leader for EMEA Sovereign, International Public Finance and Insurance Ratings (from July 2009 until August 2010), Regional Practice Leader for EMEA Insurance Ratings (from December 2006 until July 2009).

Before joining S&P in 1999, Mr. Yann Le Pallec was a senior manager with Paris-based audit firm Salustro Reydel. He holds a masters' degree in Business from Ecole Supérieure des Sciences Economique et Commerciales (ESSEC) in France.

Mr. Yann Le Pallec is not a director of any other public limited company in India. He is the member of the Stakeholders' Relationship Committee of CRISIL. He does not hold any shares in the Company and is not related to any Director or Key Managerial Personnel of the Company in any way.

The Board considers it in the interest of the Company to re-appoint Mr. Yann Le Pallec as a Director. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Mr. Yann Le Pallec, is interested or concerned in this Resolution.

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 7

Mr. M. Damodaran

Mr. M. Damodaran who has been appointed as an Additional Director of the Company under Section 161(1) of the Companies Act, 2013 effective January 14, 2014 holds office up to the date of this Annual General Meeting, and is eligible for appointment as Director as provided under Article 129 of the Articles of Association of the Company. The Company has received notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose the candidature of Mr. M. Damodaran for the office of Director.

A brief profile of Mr. M. Damodaran, as required to be given pursuant to clause 49 (G) of the Listing Agreement, is as under :

Mr. Meleveetil Damodaran, has, in a career spanning 40 years, worked with the Federal and the State governments in India, regulatory bodies, investment institutions, banks, development financial institutions and with the private sector. A member of the premier Indian Administrative Service, he has held a number of regulatory and developmental positions in the Government and in India's financial sector, before demitting office as Chairman, Securities and Exchange Board of India (SEBI) on February 18, 2008. He graduated with distinction in Economics and in Law from the Universities of Madras and Delhi respectively.

After a career spanning several regulatory and developmental assignments in the state of Tripura, he was appointed as its Chief Secretary in 1992. Thereafter, he worked as Joint Secretary in the Ministry of Finance, Banking Division, for five years, dealing with Government's ownership functions of Public Sector Banks. In 2001, he was appointed the Chairman of Unit Trust of India (UTI) and simultaneously given charge of Industrial Development Bank of India (IDBI), another of India's major financial institutions. During his tenure at SEBI, he was elected Chairman of the International Organisation of Securities Commissions (IOSCO)'s 80 member Emerging

Markets Committee for two years.

He is presently Advisor and Chief Representative in India for the ING Bank of Netherlands. He is an Independent Director on the Boards of Hero MotoCorp, Tech Mahindra, Larsen and Toubro, Bennett, Coleman & Company, Sobha Developers, L&T Infra Investment Partners, L&T Infrastructure Finance, and UltraTech Cement. He is also the Chairman of TVS Automobile Solution. He is a Senior Director of Albright Stonebridge Group. He is a Member of the Advisory Boards of Experian Credit Information Company of India, Aureos Capital, Atos India, Macquarie Group India, Brookfield Asset Management and World Gold Council. He chaired the Ministry of Corporate Affairs Committee for Reforming the Regulatory Environment for doing Business in India. He is also a part of the Development Evaluation Planning Committee of the Planning Commission of India, India's apex planning body. He has been appointed by the Government of India as the first Chairman of the Society and Board of Governors of the Indian Institute of Management (IIM), Tiruchirappalli.

Mr. M. Damodaran does not hold any shares in the Company.

The Board of Directors considers it in the interest of the Company to appoint Mr. Damodaran as a Director.

None of the Directors and Key Managerial Personnel of the Company or their relatives, except Mr. M. Damodaran, is in any way, interested or concerned in this resolution.

Item No. 8

Ms. Vinita Bali

Ms. Vinita Bali who has been appointed as an Additional Director of the Company under Section 161(1) of the Companies Act, 2013 effective February 14, 2014 holds office upto the date of this Annual General Meeting, and is eligible for appointment as Director as provided under Article 129 of the Articles of Association of the Company. The Company has received notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose the candidature of Ms. Vinita Bali for the office of Director.

A brief profile of Ms. Vinita Bali, as required to be given pursuant to clause 49 (G) of the Listing Agreement, is as under:

Ms. Vinita Bali is currently the Managing Director of Britannia Industries, India's publicly listed premier Food Company with revenue in excess of USD 1.1 Billion. She took this role in January 2005 following 16 years of overseas assignments

in a variety of marketing and general management roles in different countries, with eminent multinationals like The Coca-Cola Company and Cadbury Schweppes PLC.

Ms. Vinita Bali started her career in India as a Management Trainee with Voltas Ltd (A Tata Company), in 1977. In 1980, she joined Cadbury India as Brand Manager and rose rapidly to become the youngest General Manager of the Company. She also worked with Cadbury's in the UK, Nigeria and South Africa and served on the Boards of Cadbury Nigeria and Cadbury South Africa as Sales and Marketing Director. She headed the Sales & Marketing function in South Africa in 1993-94 during the period of the most profound transition in the history of the country.

In 1994, Ms Vinita Bali joined The Coca-Cola Company as its Worldwide Marketing Director and played an instrumental role in doubling the brand's historical growth rate during the next 3 years. In 1997, she took over as Vice President of Marketing for Latin America and in 1999 relocated to Chile as President of the Andean Division. In 2001, she was made a Corporate Officer of The Coca-Cola Company and appointed Vice President and Head of Corporate Strategy.

In July 2003, Ms. Vinita Bali joined The Zyman Group, as a Managing Principal and Head of the Business Strategy practice in the USA. As a member of the Company's Board of Managers, Ms. Bali shared responsibility for developing and managing Zyman Group's consulting business.

In the 8 years that Ms. Vinita Bali has been in Britannia, she has significantly diversified the Bakery portfolio, steered the Company on a Health and Nutrition course, developed a successful Dairy business in India and consistently delivered its highest ever growth - with revenue quadrupling in 8 years. Ms. Bali has brought new focus and energy to Britannia with a clear strategic vision propelled by all-round innovation and a professional and high energy team. Her mantras are clarity in direction and strategy; operational excellence and a culture of innovation, to create value through a diverse portfolio of products and platforms to meet changing consumer needs and habits. Britannia also has a business in the middle-east and serves over 30 markets around the world through its manufacturing units in the UAE and Oman.

In 2009, Ms Vinita Bali created the Britannia Nutrition Foundation and has pioneered the cause of addressing malnutrition in India. Britannia's work in this area was recognised at the closing plenary of the Clinton Global

Initiative meeting in New York, in 2009. In 2012, Ms. Bali was selected to the Advisory Board of the “Scaling Up Nutrition” (SUN) initiative of the United Nations.

Ms. Vinita Bali is also a Non-Executive Director on the global Boards of Syngenta International AG, Global Alliance for Improved Nutrition (GAIN) and the Advisory Board of Cornell University’s Department of Nutritional Science. She also serves as a Non-Executive Director on the Boards of several Indian companies - Titan Industries Ltd., The Wadia Group Companies and Piramal Glass Limited. While at The Coca-Cola Company in the USA, Ms. Bali served on the Boards of The American Foundation for the Blind, New York, as well as the Center for Strategic and International Studies in Washington DC.

Ms. Vinita Bali has also spoken at forums in India and overseas on topics as diverse as marketing and brand strategy, business strategy, leadership, corporate responsibility - or how to combine the needs of the society into the business model of the company.

Ms. Vinita Bali has been recognised in forums nationally and internationally and has received several awards and accolades, both in India and overseas.

Ms. Vinita Bali does not hold any shares in the Company.

The Board of Directors considers it in the interest of the Company to appoint Ms. Vinita Bali as a Director.

None of the Directors and Key Managerial Personnel of the Company or their relatives, except Ms. Vinita Bali, is in any way, interested or concerned in this resolution.

By order of the Board
For CRISIL Limited

Neelabja Chakrabarty
Company Secretary

Mumbai, February 14, 2014

CRISIL LOCATIONS

REGISTERED OFFICE

CRISIL House,
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ASIA PACIFIC

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Fax : +54 11 4837 7667



NOTES



NOTES





Registered Office: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai 400 076

PROXY FORM

Folio No _____ DP ID No _____ Client ID No _____

No. of Shares held _____

I/We _____

of _____ being member/members of CRISIL LIMITED

hereby appoint Mr./Ms. _____ of

_____ or failing him Mr./Ms. _____

of _____

as my/our proxy to vote for me/us on my/our behalf at the TWENTY SEVENTH ANNUAL GENERAL MEETING of the Company to be held on Thursday, April 17, 2014 at 3.30 p.m. at Rangaswar Hall, 4th floor, Yashwantrao Chavan Pratishthan, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai - 400 021.

Revenue
stamp of
15 paise

Signed this _____ day of _____ 2014 Signature _____

Note : This form, duly completed and signed, must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.



CRISIL LIMITED

Registered Office: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai 400 076

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)
27th Annual General Meeting - April 17, 2014

I hereby record my presence at the TWENTY SEVENTH ANNUAL GENERAL MEETING of the Company held on Thursday, April 17, 2014 at 3.30 p.m. at Rangaswar Hall, 4th floor, Yashwantrao Chavan Pratishthan, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai - 400 021.

Full Name of the Member (in BLOCK LETTERS) _____

Folio No _____ DP ID No _____ Client ID No _____

No. of Shares held _____

Full Name of the Proxy (in BLOCK LETTERS) _____

Member's/Proxy's Signature _____





WINNERS OF THE CEO AWARDS FOR OUTSTANDING CONTRIBUTIONS IN 2013

EXECUTION EXCELLENCE



Dushyanth Sekhar
Associate Director, GAC

EXCELLENCE IN BUSINESS DEVELOPMENT



Jagadish M.
Senior Business Development
Manager, Ratings

CRISIL VALUE CHAMPION



Li Jia Li
Assistant Manager, GR&A

EXCELLENCE IN PEOPLE DEVELOPMENT



Pawan Jain
Associate Director, GR&A

ANALYTICAL EXCELLENCE



Ramesh Thimmaraya
Senior Research Analyst,
GR&A

EXCELLENCE IN CLIENT MANAGEMENT



Saurabh Yadav
Manager, SME

ANALYTICAL EXCELLENCE



Serge de Coster
Head of Asia, Coalition

EXECUTION EXCELLENCE



Suchitra Bhaskar
Director, Corporate HR

BREAKTHROUGH INITIATIVE



Deepti Shibad
Manager, Corporate
Technology



Manish Gupta
Director, Ratings



R. Vasudevan
Director, Ratings



Vikrant Mathur
Associate Director, Ratings

EXCELLENCE IN FRANCHISE BUILDING



Darshan Lad
Associate Director, Ratings

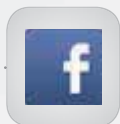


D. K. Joshi
Chief Economist, CRISIL



Prasad Koparkar
Senior Director, Research

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