



ICRA Limited

An Associate of Moody's Investors Service

ENHANCING  
BUSINESS VALUE  
THROUGH INTELLECTUAL  
LEADERSHIP



**ANNUAL REPORT**

*2011-12*

[www.icra.in](http://www.icra.in)



# ANNUAL REPORT 2011-12

## ICRA LIMITED TWENTY-FIRST ANNUAL REPORT





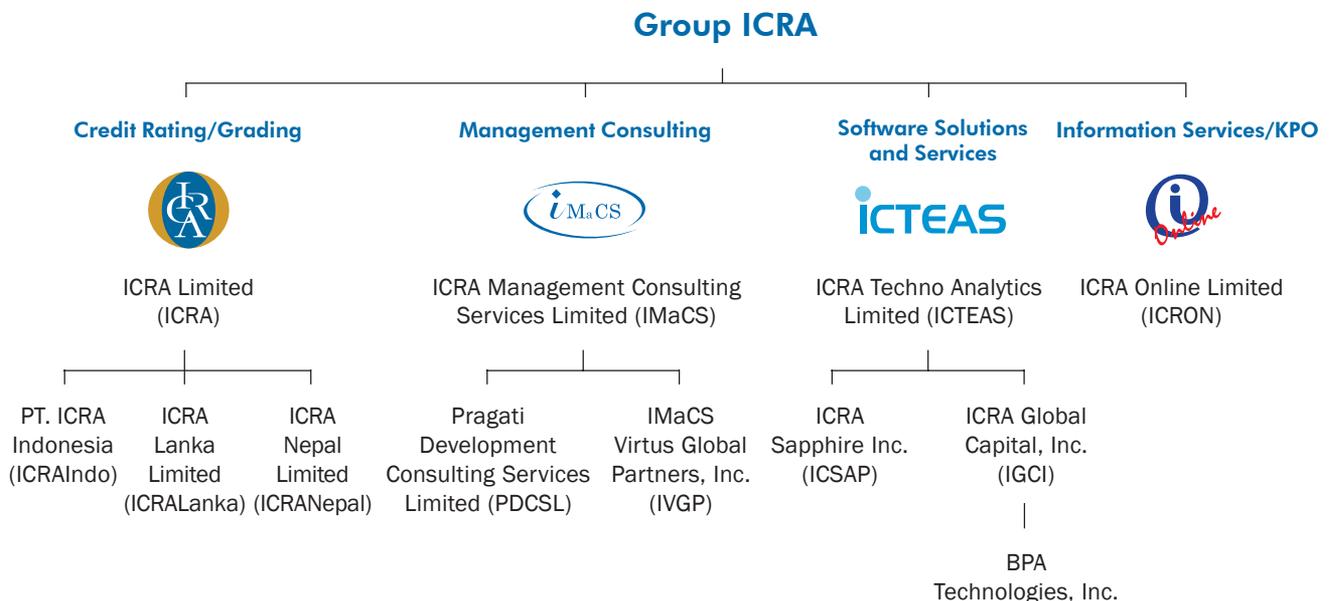
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## ICRA at a Glance

**ICRA Limited** (formerly Investment Information and Credit Rating Agency of India Limited) was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional Investment Information and Credit Rating Agency.

Today, ICRA, a full-service Credit Rating Agency with its shares listed on the Bombay Stock Exchange and the National Stock Exchange, has six subsidiaries: **ICRA Management Consulting Services Limited (IMaCS)**; **ICRA Techno Analytics Limited (ICTEAS)**; **ICRA Online Limited (ICRON)**; **PT. ICRA Indonesia (ICRAIndo)**; **ICRA Lanka Limited (ICRALanka)**, and **ICRA Nepal Limited (ICRANepal)**. Together, **ICRA** and **its subsidiaries**, along with their subsidiaries, form the ICRA Group of Companies, that is, **Group ICRA**.



## Alliance with Moody's Investors Service

The international Credit Rating Agency Moody's Investors Service<sup>1</sup> is ICRA's largest shareholder. The participation of Moody's is supported by a Technical Services Agreement, which entails Moody's providing certain high-value technical services to ICRA. Specifically, the agreement is aimed at benefiting ICRA's in-house research capabilities, and providing it with access to Moody's global research base. The agreement also envisages Moody's conducting regular training and business seminars for ICRA analysts on various subjects to help them better understand and manage concepts and issues relating to the development of the capital markets in India. Besides this formal training programme, the agreement provides for Moody's advising ICRA on Rating-products strategy, and the Ratings business in general.

<sup>1</sup> through its Group company Moody's Investment Company India Private Limited



## ICRA at a Glance

### The ICRA Factor

#### **Facilitating efficiency in business...**

ICRA information products, Ratings, and solutions reflect independent, professional and impartial opinions, which assist businesses enhance the quality of their decisions and help issuers access a broader investor base and even lesser known companies approach the money and capital markets.

#### **The research factor...**

We strongly believe that quality and authenticity of information are derivatives of an organisation's research base. We have dedicated teams for Monetary, Fiscal, Industry and Sector research, and a panel of Advisors to enhance our in-house capabilities. Our research base enables us to maintain the highest standards of quality and credibility.

#### **Committed to the development of the financial market...**

The focus of ICRA in the coming years will continue to be on developing innovative concepts and products in a dynamic market environment, generating and promoting wider investor education and interest, enhancing efficiency and transparency in the financial market, and providing a healthier environment for market participants and regulators.

Our products and services are designed to:

- Provide information and guidance to institutional and individual investors/creditors.
- Enhance the ability of borrowers/issuers to access the money market and the capital market for tapping a larger volume of resources from a wider range of the investing public.
- Assist the regulators in promoting transparency in the financial markets.
- Provide intermediaries with a tool to improve efficiency in the funds raising process.

## ICRA at a Glance

### Group ICRA The Services Spectrum\*

ICRA	ICRAIndo**	ICRALanka***
<p><b>RATING SERVICES</b></p> <ul style="list-style-type: none"> <li>• Credit Rating</li> <li>• Bank Loan Rating</li> <li>• Corporate Governance Rating</li> <li>• Stakeholder Value and Governance Rating</li> <li>• Rating of Claims Paying Ability of Insurance Companies</li> <li>• Project Finance Rating</li> <li>• Mutual Fund Rating</li> <li>• Performance and Credit Rating of Small-Scale Enterprises</li> <li>• Rating of Parallel Marketers of LPG/SKO</li> </ul> <p><b>GRADING SERVICES</b> IPOs, Microfinance Institutions, Construction Entities, Real Estate Developers and Projects, Education Institutes, Maritime Training Institutes</p> <p><b>EQUITY RESEARCH SERVICE</b></p> <p><a href="http://www.icra.in">www.icra.in</a></p>	<p><b>RATING SERVICES</b></p> <ul style="list-style-type: none"> <li>• Credit Rating</li> <li>• Structured Finance Rating</li> <li>• Bank Loan Rating</li> <li>• Project Finance Rating</li> <li>• Mutual Fund Rating</li> <li>• Claims Paying Ability of Insurance Companies</li> <li>• Issuer Rating</li> </ul> <p>**The operations of PT. ICRA Indonesia (ICRAIndo) are limited to the Indonesian market</p> <p><a href="http://www.icraindonesia.com">www.icraindonesia.com</a></p>	<p><b>RATING SERVICES</b></p> <ul style="list-style-type: none"> <li>• Credit Rating</li> <li>• Structured Finance Rating</li> <li>• Bank Loan Rating</li> <li>• Project Finance Rating</li> <li>• Mutual Fund Rating</li> <li>• Claims Paying Ability of Insurance Companies</li> <li>• Issuer Rating</li> </ul> <p>***The operations of ICRA Lanka Limited (ICRALanka) are limited to the Sri Lankan market</p> <p><a href="http://www.icralanka.com">www.icralanka.com</a></p>
IMaCS	ICTEAS	ICRON
<p><b>CONSULTING SERVICES</b></p> <ul style="list-style-type: none"> <li>• Strategy</li> <li>• Risk Management &amp; Analytics</li> <li>• Process Re-engineering</li> <li>• Transaction Advisory</li> <li>• Policy &amp; Regulation</li> <li>• Development Consulting</li> </ul> <p><a href="http://www.imacs.in">www.imacs.in</a> <a href="http://www.ivgpartners.com">www.ivgpartners.com</a></p>	<p><b>IT SOLUTIONS/ANALYTICS/ENGINEERING</b></p> <ul style="list-style-type: none"> <li>• Information Technology Solutions <ul style="list-style-type: none"> <li>- Client-Server Applications</li> <li>- Web-centric Applications</li> <li>- Mobile Applications</li> <li>- Software Services in Disaster Response Initiative</li> <li>- Customization/Implementation Services on Oracle E-Business Suite</li> </ul> </li> <li>• Business Intelligence/Analytics <ul style="list-style-type: none"> <li>- Predictive Modelling Solutions</li> <li>- Data Mining Solutions</li> <li>- Business Intelligence and Analytics Solutions</li> </ul> </li> <li>• Engineering Services <ul style="list-style-type: none"> <li>- Multidisciplinary Computer Aided Engineering Design Services</li> <li>- Resourcing Services</li> </ul> </li> </ul> <p><a href="http://www.ict eas.com">www.ict eas.com</a></p>	<p><b>FINANCIAL INFORMATION PRODUCTS AND SERVICES</b></p> <ul style="list-style-type: none"> <li>• Mutual Fund and ULIP Data and Content Provider</li> <li>• Investment Research and Analytics</li> <li>• Wealth and Transaction Management Software Products</li> <li>• IT Tools for Financial Planning and Analytics</li> <li>• Software Services</li> </ul> <p><b>KPO SERVICES (BACK-END ANALYTICAL SERVICES SUPPORT)</b></p> <ul style="list-style-type: none"> <li>• Data Services</li> <li>• Accounting Services</li> <li>• Electronic Conversion of Financial Statements</li> <li>• Research</li> <li>• Analytics</li> </ul> <p><a href="http://www.icraonline.com">www.icraonline.com</a></p>

\* The list of services is indicative and not exhaustive



## ICRA at a Glance

### Range of Services

#### Rating Services

As an early entrant in the Credit Rating business, **ICRA Limited (ICRA)** is one of the most experienced Credit Rating Agencies in the country today. ICRA rates rupee denominated debt instruments issued by manufacturing companies, commercial banks, non-banking finance companies, financial institutions, public sector undertakings and municipalities, among others. ICRA also rates structured obligations and sector-specific debt obligations such as instruments issued by Power, Telecom and Infrastructure companies. The other services offered include Corporate Governance Rating, Stakeholder Value and Governance Rating, Credit Risk Rating of Debt Mutual Funds, Rating of Claims Paying Ability of Insurance Companies, Project Finance Rating, and Line of Credit Rating. ICRA, along with National Small Industries Corporation Limited (NSIC), has launched a Performance and Credit Rating Scheme for Small-Scale Enterprises in India. The service is aimed at enabling Small and Medium Enterprises (SMEs) improve their access to institutional credit, increase their competitiveness, and raise their market standing.

**PT. ICRA Indonesia (ICRAIndo)**, a subsidiary of ICRA, offers a wide range of Rating services in the Indonesian market, including Credit Rating of rupiah-denominated debt instruments issued by manufacturing companies, banks, finance companies and financial institutions; Issuer Rating of corporate entities, banks & financial institutions, service companies, infrastructure sector companies, multi-finance companies, and small & medium sector companies; Structured Finance Rating of asset-backed securitisation and mortgage-backed securitization programmes, among others; Bank Loan Rating based on the Basel II Accord; Project Finance Rating; Mutual Funds Rating; and Claims Paying Ability Rating of insurance companies.

**ICRA Lanka Limited (ICRALanka)**, a wholly-owned subsidiary of ICRA, offers a wide range of Rating services in the Sri Lankan market, putting into use parent ICRA's accumulated experience in the areas of Credit Rating, Grading, and Investment Information. Its Rating focus is on entities mainly in the financial sector, besides long-, medium-, and short-term debt instruments issued by borrowers from various sectors of the economy.

Some of the major products of ICRALanka include Credit Rating of debt instruments issued by manufacturing companies, banks, finance companies and financial institutions; Issuer Rating of corporate entities, banks & financial institutions, service companies, infrastructure sector companies, multi-finance companies, and small & medium sector companies; Project Finance Rating; Mutual Funds Rating; and Claims Paying Ability Rating of insurance companies.

#### Grading Services

The Grading Services offered by **ICRA** employ pioneering concepts and methodologies, and include Grading of: Initial Public Offers (IPOs); Microfinance Institutions (MFIs); Construction Entities; Real Estate Developers and Projects; Healthcare Entities; and Maritime Training Institutes. In IPO Grading, an ICRA-assigned IPO Grade represents a relative assessment of the "fundamentals" of the issue graded in relation to the universe of other listed equity securities in India. In MFI Grading, the focus of ICRA's grading exercise is on evaluating the candidate institution's business and financial risks. The Grading of Construction Entities seeks to provide an independent opinion on the quality of performance of the entities graded. Similarly, the Grading of Real Estate Developers and Projects seeks to make property buyers aware of the risks associated with real estate projects, and with the developers' ability to deliver in accordance with the terms agreed. ICRA's Healthcare Gradings present an independent opinion on the quality of care provided by healthcare entities. In the education sector, ICRA offers the innovative service of Grading of Maritime Training Institutes in India.

## ICRA at a Glance

### Equity Research Service

The ICRA Equity Research Service seeks to provide market participants with an assessment of the fundamental earning quality of specific companies and their current relative valuation as reflected by the prevailing price of their equity shares. An ICRA Equity Research assessment, while not specifying any target price for the shares evaluated, captures two key factors—fundamental earning quality and relative valuation—that influence the price behaviour of equity shares of companies over the medium and long term. In assessing the relative valuation of a company's equity share, the same is benchmarked against an appropriate peer set or index.

ICRA Equity Research reports are aimed at benefiting all categories of investors, including retail investors and especially those with a longer term investment horizon.

### Consulting Services

**ICRA Management Consulting Services Limited (IMaCS)**, a wholly-owned subsidiary of ICRA Limited, is a multi-line management and development consulting firm with a global operating footprint. IMaCS offers Consulting Services in Strategy, Risk Management, Policy Advisory, Regulation & Reform, Transaction Advisory, Development Consulting and Process Re-engineering. IMaCS' clientele includes Banks and Financial Service Companies, Corporate Entities, Institutional Investors, Governments, Regulators, and Multilateral Agencies. Besides India, IMaCS has consulting experience across 40 countries in South East Asia, South Asia, West Asia, Africa, Western Europe, and North America.

IMaCS has a subsidiary company in the US at New York, called **IMaCS Virtus Global Partners, Inc.**, which offers on strategic consulting and transaction advisory services to companies in the US and India that operate in the Indo-US corridor.

IMaCS also has a subsidiary, **Pragati Development Consulting Services Limited**, to offer programme management services in the Development Consulting sector in India.

### Software Development, Business Intelligence and Analytics and Engineering Services

**ICRA Techno Analytics Limited (ICTEAS)**, a wholly-owned subsidiary of ICRA Limited, offers a complete portfolio of Information Technology (IT) solutions to meet the dynamic needs of present-day businesses. The services range from the traditional development of client-server, web-centric and mobile applications to the generation of cutting-edge Business Intelligence applications and analytics solutions. With years of experience in data-mining and predictive data modelling, ICTEAS offers various analytics solutions such as sales analytics and spend analytics. An in-depth knowledge of various technology areas, coupled with its strengths in various verticals, enables ICTEAS to provide end-to-end services of excellent quality. It uses a mix of onsite/offshore strategies to optimise bottom-line benefits for its customers. ICTEAS also works in customization and implementation of the Financial Modules of the Oracle E-Business Suite. Its services include process study, fitment analysis, customization implementation and post-implementation maintenance services. ICTEAS is a Microsoft Gold Partner and ISO 9001: 2008 and ISO/IEC 27001: 2005 certified.

The Engineering Division of ICTEAS offers multidisciplinary computer aided engineering design services. The activities cover design and drawing in the mechanical, civil/structural, electrical and instrumentation space. ICTEAS engineers and designers are well-versed in AutoCAD, MicroStation, PDS and Staad pro with experience in the Oil & Gas, Petrochemical and Power sectors. The services range from providing Engineering Design Services to CAD Vectorisation and Conversion Services. Over the years, ICTEAS has successfully deployed skilled resources to work for large engineering consulting companies both in the domestic and international market.



## ICRA at a Glance

**ICRA Sapphire Inc. (ICSAP)**, a wholly-owned subsidiary of ICTEAS, is based in and operates out of Connecticut, USA. It offers US clients a full array of leading edge Business Analytics and Software Development services backed by offshore teams, which work out of ICTEAS, Kolkata. This hybrid engagement model of onsite and offshore teams allows for seamless project management, execution and rapid offshore scaling of teams while bringing down development costs.

Based on the experience gained from working with the City of New York in the tragic days after the World Trade Center attacks, ICSAP developed for New York City the Unified Victim Identification System (UVIS), a Disaster Response Solution. ICSAP is now implementing UVIS in other states. ICSAP Analytics helps companies make meaning out of their data and bring visibility on their business, thus allowing them to modify their strategy for better Returns on Investment. ICSAP services various verticals, including state and city Governments, besides Finance, Banking, Life Sciences and Healthcare, Manufacturing, Law and Internet companies.

### **Knowledge Process Outsourcing and Online Software**

**ICRA Online Limited (ICRON)** is a wholly-owned subsidiary of ICRA Limited. ICRON was incorporated in January 1999 and has over the period since then established itself as an independent and credible source of authentic information, software and outsourcing solutions provider.

ICRON caters for some of the biggest names in the financial services sector in India and abroad, which is a testimony to its product quality, commitment and credibility. ICRON has two Strategic Business Units (SBUs) with a list of reputed global and domestic clients:

- **The Knowledge Process Outsourcing Division (KPO Division);** and
- **The Information Services and Technology Solutions Division (MFI Division).**

Encouraged by the emerging dynamics of the outsourcing business, ICRON diversified into the **Knowledge Process Outsourcing (KPO)** business in April 2004, with focus on the Banking, Financial Services and Insurance (BFSI) vertical as well as other verticals like Retail, Healthcare and Pharmaceuticals.

The **KPO Division** of ICRON offers Knowledge Process Outsourcing services that combine advanced analytical abilities and deep domain expertise to deliver value by translating data and information into structured business inputs. It provides financial and analytical services support to its clients in the areas of Data Extraction, Aggregation, Electronic Conversion of Financial Statements, Validation and Analysis, Accounting and Finance, Research, Report Preparation and Analytics. The Division has attained ISO 27001: 2005 certification through rigorous adherence to data security policies and practices.

The **MFI Division** serves the Mutual Fund Industry through Research, Analytics and Mutual Fund Ranking. Besides, it leverages its domain expertise to deliver high quality technology solutions, in the form of products, to a large number of Banks, Mutual Funds, Financial Institutions, Third Party Products' Distributors, Insurance Companies, Investment Advisors, Portfolio Managers, Stock Brokers, Treasury Managers, and Academic Institutions, among others. The Company has developed several innovative products to meet the varied needs of its clients. The products are customised to meet specific client requirements, enabling them in research, analysis and decision making while also helping them achieve automation in business operations.

# ICRA LIMITED

Annual Report  
2011-12





#### Board of Directors

Mr. D.N. Ghosh, Chairman	Formerly, Chairman, State Bank of India
Dr. Uddesh Kohli	Formerly, Chairman and Managing Director, Power Finance Corporation Limited
Prof. Deepak Nayyar	Formerly, Vice Chancellor, University of Delhi
Mr. Piyush G. Mankad	Formerly, Executive Director, Asian Development Bank
Mr. Amal Ganguli	Formerly, Chairman and Senior Partner, PricewaterhouseCoopers
Ms. Jennifer Ann Elliott	Managing Director, Regional Head, Asia, for the Commercial Group of Moody's Investors Services in Asia Pacific
Mr. Frederic Walter Jacques Drevon	Managing Director and the Head of Moody's for Europe, the Middle East and Africa (EMEA)
Mr. P.K. Choudhury	Vice-Chairman & Group CEO
Mr. Naresh Takkar	Managing Director & CEO

#### Audit Committee

Mr. D.N. Ghosh, Chairman  
Dr. Uddesh Kohli  
Prof. Deepak Nayyar  
Mr. Amal Ganguli  
Ms. Jennifer Ann Elliott

#### Remuneration Committee

Mr. D.N. Ghosh, Chairman  
Prof. Deepak Nayyar  
Mr. Piyush G. Mankad  
Mr. Frederic Walter Jacques Drevon

#### Shareholders'/Investors' Grievance Committee

Dr. Uddesh Kohli, Chairman  
Prof. Deepak Nayyar  
Mr. P.K. Choudhury

#### Statutory Auditors

Vipin Aggarwal & Associates  
Chartered Accountants  
E-4, Defence Colony  
New Delhi – 110024

#### Solicitors

Luthra & Luthra Law Offices  
103, Ashoka Estate  
Barakhamba Road  
New Delhi – 110001

Amarchand & Mangaldas & Suresh A. Shroff & Co.  
Amarchand Towers  
216, Okhla Industrial Estate  
Phase III, New Delhi – 110020

FoxMandal Little  
Solicitors & Advocates  
FM House, A-9, Sector 9  
Noida – 201301

#### Chief Financial Officer & Company Secretary

Mr. Vijay Wadhwa

#### Bankers

HDFC Bank Limited  
Surya Kiran Building  
K.G. Marg, Connaught Place  
New Delhi – 110 001

The Royal Bank of Scotland N.V.  
Hansalaya Building  
15 Barakhamba Road  
New Delhi – 110 001

State Bank of Hyderabad  
Surya Kiran Building  
74 Janpath, New Delhi – 110 001

Deutsche Bank AG  
Ground Floor, Infinity Tower  
DLF, Phase II  
Gurgaon – 122 002, Haryana

Kotak Mahindra Bank Limited  
JMD Regent Square  
Mehrauli Gurgaon Road  
Opposite Bristol Hotel  
Gurgaon – 122 002, Haryana

#### Registrar and Share Transfer Agent

Link Intime India Private Limited  
A-40, 2nd Floor, Naraina Industrial Area, Phase II  
Near Batra Banquet Hall  
New Delhi – 110 028

#### Registered Office

1105, Kailash Building,  
11th Floor  
26, Kasturba Gandhi Marg  
New Delhi – 110 001

#### Corporate Office

Building No. 8,  
2nd Floor, Tower A  
DLF Cyber City, Phase II  
Gurgaon – 122 002, Haryana

## ICRA Board of Directors



**Mr. Dhruva Narayan Ghosh** is the Non-Executive Chairman and an Independent Director of ICRA and has been associated with the Company since its incorporation. He is also Chairman of the Audit Committee, and the Remuneration Committee, besides being Chairman of ICRA Management Consulting Services Limited. Mr. Ghosh has extensive experience in the fields of finance and administration, having worked as Secretary, Department of Production & Supplies, Ministry of Defence; Chairman of State Bank of India; Chairman of the Boards of Directors of Philips India Limited and Larsen & Toubro Limited; Chairman of the Board of Governors of the Indian Institute of Management, Lucknow; Chairman of Management Development Institute, Gurgaon; and Chairman of the Peerless Group of Companies. Currently, Mr. Ghosh is associated with a number of companies as Chairman and Director.



**Dr. Uddesh Kohli** is an Independent Director of ICRA. He is an Engineer from the Indian Institute of Technology, Roorkee, and holds a Post-Graduate Diploma in Industrial Administration from the Manchester University, UK. He obtained his Ph.D. in Economics from the Delhi School of Economics. Dr. Kohli has been Chairman and Managing Director of Power Finance Corporation Limited, and has worked with the Planning Commission, Government of India, reaching the position of Advisor (Additional Secretary level). He has carried out international assignments for Asian Development Bank, United Nations Industrial Development Organization, United Nations Development Programme and United Nations Office for Project Services. He is at present a Director on the Boards of ALSTOM Projects India Limited, Lanco Infratech Limited, PTC India Financial Services Limited, RK Wind Limited, and National Energy Trading and Services Limited. Dr. Kohli's areas of expertise include development planning, finance, project formulation, appraisal, sustainability and monitoring, power/energy planning, Corporate Social Responsibility training and human resource development.



**Professor Deepak Nayyar**, an eminent economist, is an Independent Director of ICRA. He is Professor of Economics at Jawaharlal Nehru University, New Delhi. Earlier, he has taught at the University of Oxford, the University of Sussex, the Indian Institute of Management, Calcutta, and the New School for Social Research, New York. Professor Nayyar was Vice Chancellor of the University of Delhi from 2000 to 2005. He has also served as Chief Economic Adviser to the Government of India and Secretary in the Ministry of Finance. In the past, he was a Director on the Boards of State Trading Corporation of India, the State Bank of India, Export-Import Bank of India, and Maruti Udyog. At present, he is on the Board of SAIL and of ONGC. He was educated at St. Stephen's College, University of Delhi. Thereafter, as a Rhodes Scholar, he went on to study at Balliol College, University of Oxford, where he obtained a B. Phil and a D. Phil in Economics. He has received the V.K.R.V. Rao Award for his contribution to research in Economics. He is an Honorary Fellow of Balliol College, Oxford. Professor Nayyar served as Chairman of the Board of Governors of the UNU World Institute for Development Economics Research, Helsinki, a Member of the Board of Directors of the Social Science Research Council in the United States, and Chairman of the Advisory Council for the Department of International Development, Queen Elizabeth House, University of Oxford. He has also served as a member of the National Knowledge Commission in India and Vice President of the International Association of Universities, Paris.



**Mr. Piyush Gunwantrao Mankad** is a retired civil servant, with a distinguished career of over forty years in the Indian Government. Born in 1941, Mr. P.G. Mankad had his college education in Delhi University, doing his Bachelor's and Master's Degrees in Humanities, topping the University. He later did a Diploma (with Distinction) in Development Studies at Cambridge University, UK. He joined the prestigious Indian Administrative Service in 1964, topping his batch. His major official postings included Controller of Capital Issues, Ministry of Finance, Govt. of India; Principal Finance Secretary, Govt. of Madhya Pradesh; Secretary in the Ministries of Industry, Govt. of India, Chairman of the Foreign Investment Promotion Board; Secretary, Information and Broadcasting; and Finance/Revenue Secretary, Govt. of India. His overseas assignments include those as Counsellor Economic, Embassy of India, Tokyo, and Executive Director for India, Bhutan, Bangladesh, Laos and Tajikistan and Board Member, Asian Development Bank, Manila, which was his last official assignment till July 2004. He has wide ranging experience of diverse sectors, both economic and social, and his major areas of experience and expertise include public administration, finance, capital market development and regulation, and industrial and investment promotion. As Controller of Capital Issues, Govt. from 1985 to 1990, he was associated with many pioneering steps to develop and modernise the Indian Capital Markets, including the establishment of the first Rating Agency and the setting up of the Securities and Exchange Board of India. He is currently on the Board of several highly regarded companies in the private sector as Independent Director, including from the Tata and Mahindra Groups, in addition to ICRA, and is also on various Governing Bodies/Trusts, including the Army Group Insurance Fund; Society of Capital Market Development and Research; and the Lady Shriram College for Women, New Delhi. He also serves, from time to time, on official committees, and is currently the Chairman of a Govt. of India Task Force on Public Sector Enterprises.

## ICRA Board of Directors



**Mr. Amal Ganguli** is an Independent Director of ICRA. He is a Fellow of the Institute of Chartered Accountants in England & Wales as well as The Institute of Chartered Accountants of India. He did his training in London, and worked there with Peat Marwick Mitchell & Co. Mr. Ganguli joined Price Waterhouse in India in 1964, became a Partner of the firm in 1969 and from 1996 till the time of his retirement, was the Chairman and Senior Partner of PricewaterhouseCoopers in India. He has been a member of several study groups of The Institute of Chartered Accountants of India and has also worked as an independent short-term consultant to the World Bank after his retirement. Mr. Ganguli is on the Boards of a number of companies including HCL Technologies Limited, New Delhi Television Limited, Century Textiles and Industries Limited, AVTEC Limited, Maruti Suzuki India Limited and Tata Communications Limited.



**Ms. Jennifer Ann Elliott** is a Non-Independent Director of ICRA. She received her B.A. in English Literature and L.L.B. from the University of Sydney and has an M.A. in Southeast Asian Business Studies from the School of Oriental and African Studies, London University.

Ms. Elliott is Managing Director, Regional Head, Asia, for the Commercial Group of Moody's Investors Service in Asia Pacific. As a part of the senior management team for the global MIS Commercial Group, she has responsibility for business strategy and planning, new business origination, and business relationships with rated entities within the region.

The group's mandate includes growing Moody's ratings business through greater penetration of existing business segments and expansion into new markets. Organizationally, the group includes Moody's Business Development and Issuer Relations teams.

Ms. Elliott joined Moody's Sydney office in 1993 as an analyst in the Structured Finance Group. In 1996, she transferred to Moody's London office, where she was a Vice President – Senior Credit Officer responsible for rating asset-backed commercial paper (ABCP) and term transactions across Europe. In 1999, Ms. Elliott was appointed Managing Director for Moody's Australia, and also had responsibility for the Australian Structured Finance Group and the Asian Business Development Group. In 2005, she was appointed Vice President and Chief Human Resources Officer for Moody's Corporation, and in 2007 Group Managing Director for Moody's Investors Service in Asia Pacific. Prior to joining Moody's, Ms. Elliott worked as a banking and finance lawyer in Sydney.



**Mr. Frederic Walter Jacques Drevon** is a Non-Independent Director of ICRA. He is a Managing Director and the Head of Moody's for Europe, the Middle East and Africa (EMEA). Mr. Frederic Drevon graduated from HEC in France. He worked for 18 months in Mumbai in 1990 for the trade department of the French Embassy. He joined Moody's in 1993 in the Paris-based Structured Finance Group. He relocated to Hong Kong in 1998 as Managing Director for Asia. He returned to London in 2000 with responsibility for the London Derivatives team, and the EMEA asset-backed securities and asset-backed commercial paper businesses. In early 2004, Mr. Frederic was promoted to Group Managing Director responsible for Securitisation in EMEA and Asia.



**Mr. Pranab Kumar Choudhury** is the Vice-Chairman of ICRA and CEO of the ICRA Group. He is also a Chairman of ICRA Online Limited, ICRA Lanka Limited and ICRA Nepal Limited and a Director on the Boards of ICRA Management Consulting Services Limited, ICRA Techno Analytics Limited, PT. ICRA Indonesia, BPA Technologies Inc. and ICRA Sapphire Inc. (USA). Besides, he is a Director on the Boards of Peerless Securities Limited and The Peerless General Finance & Investment Company Limited. Mr. Choudhury holds a Bachelor's and a Master's Degree in Commerce from the University of Calcutta. He is a Chartered Accountant from The Institute of Chartered Accountants of India and also holds a Post-Graduate Diploma in Advanced Financial Management from the Maastricht School of Management, The Netherlands. Besides, Mr. Choudhury is a C.A.I.B. from The Institute of Bankers, London, and a C.A.I.I.B. from the Indian Institute of Bankers. With a professional experience of over 39 years now, Mr. Choudhury has, prior to joining ICRA, worked in the manufacturing industry, commercial banking, development banking, and merchant banking sectors.

## ICRA Board of Directors



**Mr. Naresh Takkar** is the Managing Director & CEO of ICRA. Prior to holding this position he was Joint Managing Director & Chief Rating Officer of ICRA. He is also a Director of ICRA Techno Analytics Limited, ICRA Online Limited, ICRA Lanka Limited and of ICRA Nepal Limited. Besides, he is the Vice-Chairman of Association of Credit Rating Agencies in Asia (ACRAA). He joined ICRA as an analyst in 1991. Before joining ICRA, he was with Tata Consultancy Services for three years in the System Consulting Division. Mr. Takkar is a Chartered Accountant from The Institute of Chartered Accountants of India and holds a Bachelor's Degree in Commerce from the University of Delhi.

## Senior Management



**Mr. L. Shivakumar**  
Senior Group Vice-President



**Mr. Vivek Mathur**  
Senior Group Vice-President



**Mr. Jayanta Chatterjee**  
Senior Group Vice-President



**Mr. Anjan Deb Ghosh**  
Senior Group Vice-President



**Mr. Subrata Ray**  
Senior Group Vice-President



**Mr. Vijay Wadhwa**  
Chief Financial Officer &  
Company Secretary



## Directors' Report

### To The Members, ICRA Limited

Your Directors have pleasure in presenting the 21<sup>st</sup> Annual Report of your Company along with the Audited Financial Statements for the year ended March 31, 2012.

### Financial Performance

During its 21<sup>st</sup> year of operations, your Company earned a Net Profit of Rs. 50.90 crore as against Rs. 44.91 crore during the previous year. Your Company's Earning per Share and Cash Earning per Share<sup>†</sup> for the year ended March 31, 2012 were Rs. 50.90 and Rs. 65.72, respectively, as against Rs. 44.91 and Rs. 54.46, respectively, in the previous year. The financial results of your Company for the year ended March 31, 2012 are presented in the following table.

Particulars	2010-11 (Rs. crore)	2011-12 (Rs. crore)
<b>Revenue from Operations</b>	<b>129.31</b>	<b>139.36</b>
Other Income	12.54	<b>19.74</b>
<b>Total Revenue</b>	<b>141.85</b>	<b>159.10</b>
Total Expenditure	(73.05) <sup>#</sup>	<b>(83.37)<sup>*</sup></b>
<b>Profit before Tax</b>	<b>68.80</b>	<b>75.73</b>
Tax Expense	(23.89)	<b>(24.83)</b>
<b>Profit after Tax</b>	<b>44.91</b>	<b>50.90</b>
Balance brought Forward	55.59	<b>76.32</b>
<b>Profit Available for Appropriation</b>	<b>100.50</b>	<b>127.22</b>
<b>Appropriations</b>		
Proposed Dividend	17.00	<b>20.00</b>
Corporate Tax on Proposed Dividend	2.68	<b>3.24</b>
Transfer to General Reserve	4.50	<b>5.09</b>
Balance Carried to Balance Sheet	76.32	<b>98.89</b>
	<b>100.50</b>	<b>127.22</b>

<sup>#</sup>Includes Rs. 7.51 crore towards Amortisation of Deferred Employees Compensation for Options granted under the Employees Stock Option Scheme of your Company.

<sup>\*</sup>Includes Rs. 12.92 crore towards Amortisation of Deferred Employees Compensation for Options granted under the Employees Stock Option Scheme of your Company.

<sup>†</sup> Cash EPS is computed after considering Depreciation and Amortisation of Deferred Employees Compensation.

## Directors' Report

### Review of Operations

#### Rating Services

##### Market Overview

The fiscal year 2011-12 was a challenging year, with India facing strong headwinds on the macroeconomic front. Stubbornly high inflation rates prompted the Reserve Bank of India (RBI) to embark upon successive rounds of monetary tightening, which caused a sharp rise in interest rates. The country was also besieged by a series of governance issues, which affected policymaking in several sectors of the economy. Additionally, weak business sentiments led to a dearth of new project announcements and capacity addition. All these factors contributed to a slowdown in the expansion of GDP and sobering effect on the investment plans. The negative sentiments prevailing in the domestic market were accompanied by uncertainty in the global markets, with concerns being raised over the possible contagion effect of potential sovereign defaults by one or more European countries. Elevated levels of global risk aversion caused the inflow of funds from foreign institutional investors (FIIs) to remain sluggish during 2011-12. This, in combination with inelastic oil imports, led to considerable depreciation of the Indian rupee and a larger current account deficit.

While consumption demand still held up reasonably well during 2011-12 on the strength of higher disposable income, the private capital expenditure (capex) cycle, which was already showing signs of slowing down, virtually ground to a halt. The problem was particularly acute in important infrastructure sectors like power, in which a variety of issues served to significantly slow down both fresh project awards and project execution.

The domestic liquidity situation came under considerable strain in the second half of 2011-12 as Central Government borrowings exceeded the budgeted amount and the RBI intervened in the foreign exchange market to stabilise the exchange rate. Further, the sharp depreciation of the rupee exchange rate relative to major currencies since August 2011 created problems for corporate entities, especially those with large foreign currency borrowings.

All these factors contributed to sluggishness in the volumes of capital raised during 2011-12, both through bond issuances and bank credit; growth in bank credit dipped from over 21% in 2010-11 to around 17% in 2011-12. Moreover, a substantial portion of the incremental bank credit extended to industry in 2011-12 was absorbed by the power sector (largely to offset the substantial accumulated losses in the sector) and basic metals & metal products (partly on account of a higher working capital requirement, reflecting elevated commodity prices).

On the positive side, the year under review saw several bond issuances by financial and infrastructure sector entities targeted at the retail investor. The encouraging response to such issuances augurs well for fund mobilisation via the bond route. Further, with inflation appearing to have peaked, the RBI stance has shifted towards monetary easing, and this would have a beneficial impact in terms of reviving investment demand and shoring up consumer demand (which seems to have reached a plateau of late). However, spiralling crude oil prices could upset calculations in this regard. Significantly, the Government appears to be taking steps to resolve some of the contentious issues in areas like power, which could also help revive investor sentiments and facilitate project implementation. However, clearly, a lot more needs to be done in terms of initiating bold policy reforms that would catalyse investment-led growth, going forward.

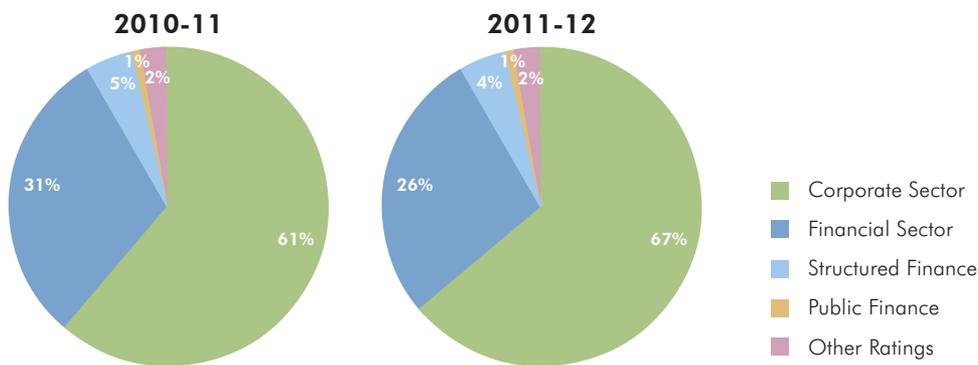


## Directors' Report

### Rating Services Review

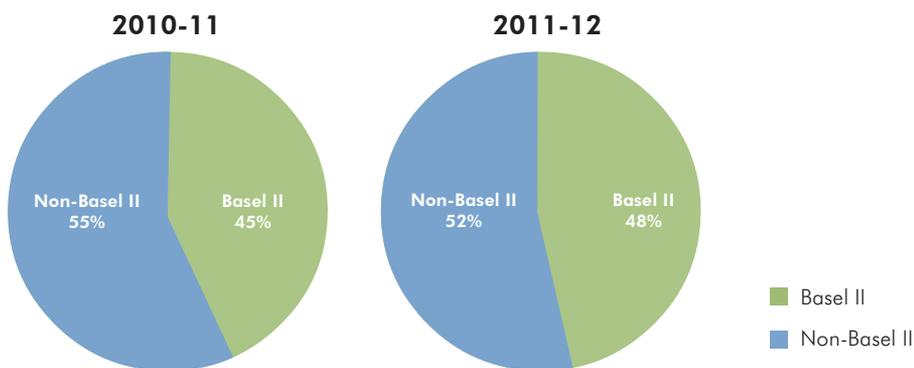
#### Ratings: Segment-wise Revenue Composition

Segment	2010-11 (Rs. crore)	2011-12 (Rs. crore)	Growth (%)
Corporate Sector	79.45	<b>93.05</b>	17%
Financial Sector	39.81	<b>35.72</b>	-10%
Structured Finance	6.25	<b>6.30</b>	1%
Public Finance	1.89	<b>0.88</b>	-53%
Other Ratings	1.91	<b>3.41</b>	79%
<b>Total</b>	129.31	<b>139.36</b>	<b>8%</b>



#### Composition of Rating Revenues

Segment	2010-11 (Rs. crore)	2011-12 (Rs. crore)	Growth (%)
Basel II	58.02	<b>66.38</b>	14%
Non-Basel II	71.29	<b>72.98</b>	2%



## Directors' Report

### Corporate Sector

The market for Bank Loan Ratings continued to expand in 2011-12, providing for an increase in the number of ratings assigned, although the ticket size of individual mandates shrunk further.

During the year under review, your Company acquired the distinction of being the first Credit Rating Agency in the country to rate a bond issuance proposed by an infrastructure-related Special Purpose Vehicle (SPV) with credit enhancement from India Infrastructure Finance Company Limited (IIFCL)<sup>1</sup>. The credit guarantee scheme, finalised in consultation with various stakeholders, including the Asian Development Bank, is designed to improve the credit rating of bonds proposed to be issued by infrastructure sector entities. This is expected to provide a fillip to the corporate bond market, given that the inability of infrastructure entities to attain the desired ratings has traditionally been a major hindrance in bond floatation by them.

In the context of the corporate bond market in India, the lack of vibrancy in it remains a challenge, and given its importance in funding the large investment requirements of both the infrastructure and industrial sectors, the Gol, along with the regulating agencies, is keen on delivering a growth push to it. The increasing coverage of Bank Loan Ratings has brought in a large number of hitherto unrated borrowers into the rating domain, and this is expected to contribute significantly to the development of the corporate bond market over time.

The market for Grading of Initial Public Offerings (IPOs) remained sluggish during 2011-12. Growth in this segment is squarely dependent on revival in market sentiments and the consequent increase in fund-raising via IPOs.

### Financial Sector

Against the backdrop of a slowing economy amidst fears of deterioration in asset quality, credit offtake from banks declined sharply for most part of the year under review, but picked up during the last quarter. Bulk of the incremental credit in 2011-12 went to infrastructure companies and non-bank finance companies, or NBFCs (which continued to scale up operations). The total volume of debt issuance increased in 2011-12 as the better-rated entities (largely NBFCs and some corporate entities) raised funds through bonds at finer rates as compared with bank loans. However, the total volume of capital debt issuances by banks stagnated in 2011-12, given the decline in credit growth during the year and the anticipated infusion of equity into public sector banks (which took place in the last quarter of 2011-12). On the other hand, banks continued to place Certificates of Deposit (CDs) in 2011-12 so as to replace earlier high-cost deposits and also meet demand for credit.

Most NBFCs continued to scale up operations in 2011-12 leveraging their franchise and branch networks, even as the operating environment remained difficult. The year under review saw entities take the public debt issuance route to raise funds for onward lending. The tax-free bonds issued by strong public sector entities during 2011-12 elicited significant investor interest. With the limit for funds to be raised through tax-free bonds doubled in 2012-13, more tax free bond issuances may be expected, going forward. The overall trends in the NBFC sector benefited your Company during the year under review, given its strong presence in this sector.

Your Company continued to strengthen the position of its Debt Mutual Funds Rating product during 2011-12, adding new Asset Management Companies (AMCs) as clients, besides rating more debt schemes of its existing AMC-clients.

<sup>1</sup> IIFCL is a specialised financial institution wholly-owned by the Government of India (Gol).



## Directors' Report

Looking ahead, rating activity in the financial sector is expected to grow, driven by expectations of reduction in interest rates in the economy, which would provide a fillip to investment and consumption demand in the economy.

### **Structured Finance**

The number of entities active in securitisation/bilateral assignment of retail loans expanded during 2011-12—with a number of Micro Finance Institutions (MFIs) being amongst the new entrants. Nevertheless, issuance volumes in this segment continued to be dominated by a few large issuers during the year under review, as in the previous years. During 2011-12, the RBI issued guidelines under which bank finance to NBFCs would no longer qualify as "priority sector lending". This change in regulation left only one major route for banks to meet their shortfall in meeting priority sector lending targets, that is, acquisition of compliant portfolios from NBFCs. This led to a rise in bilateral assignment transactions, especially during the last quarter of the year.

Securitisation of individual corporate loans, on the other hand, almost dried out during the year under review largely because of the RBI guidelines, which prescribed a minimum holding period pre-securitisation of any loan, besides minimum retention requirements post-securitisation.

During 2011-12, your Company also rated several customised structured obligations, including the first proposed Indian infrastructure debt issuance to be credit enhanced by a partial guarantee from IIFCL as mentioned earlier.

Going forward, regulatory factors such as eligibility for qualification as priority sector loan and guidelines relating to the lock-in and retention requirements on loan securitisation are expected to continue influencing securitisation volumes significantly. Besides, as always, growth of originators' loan books and investor appetite would continue to have a major say in securitisation volumes.

## **Economic and Industry Research**

### **Economic Research**

Over the years, your Company has assiduously built up a research capability to analyse contemporary developments that characterise the Indian money and finance world. The objective has been to develop and continually fine-tune the analytical bases for the interpretation of the inter-related movements of the principal macro-variables that impact the monetary and the various other sectors of the Indian economy. The *ICRA Bulletin: Money & Finance* is a publication directed towards individuals with an interest in understanding the reasons underlying policy initiatives and outcomes. This publication apart, your Company regularly comes out with impact-assessment studies, research notes and trend analyses, covering several topics including, but not limited to, inflation, economic performance, the Union Budget, the index of industrial production, and policy assessment and impact.

### **Industry Research**

During the year under review, your Company continued to bring out sector-research reports, analysing the impact of various events on the sectors concerned from the credit perspective. Besides, your Company continued to hold seminars and teleconferences for market participants at regular intervals. Given its extensive knowledge base and continuing research, your Company has in-depth understanding of, and insights into, the trends emerging across a wide spectrum of industries. It is now exploring opportunities to bring about a sharper focus on research and commercialise the same.

## Directors' Report

### Franchise Development

Your Company remains focused on enhancing its visibility and reinforcing its brand strength through activities that also serve to promote investor and market awareness and recognise excellence. In promoting investor and market awareness, your Company periodically holds seminars and conferences at various locations within the country with a view to ensuring both wider participation and greater dissemination. During the year under review, your Company intensified dissemination of rating releases and sector notes to the media, thereby achieving greater visibility. In recognising excellence, your Company remains involved with various awards, all of which seek to accord greater recognition to professional excellence in such sectors as banking, insurance, broking, mutual funds, international trade, and public sector enterprise. Through these activities your Company has, over the years, sought to associate brand ICRA with intellectual leadership.

During the year, your Company held several seminars on Bank Loan Ratings under Basel II Guidelines, Rating of Small and Medium Enterprises, and other ICRA products in several Tier II cities to address issues concerning the community of rated entities (existing and prospective) and intermediaries. Besides, joint seminars with Moody's Investors Service were conducted, all of which were well attended and appreciated. Further, several teleconferences were organised, with these enabling more efficient and faster dissemination of ICRA's credit outlook on certain key sectors among a wider set of market participants.

Your Company, along with its subsidiary ICRA Online Limited, organised the Ninth Annual ICRA Mutual Fund Awards during 2011-12. The annual awards have gained considerable popularity over the years. Besides, your Company continues to power the Financial Advisor and International Trade Awards along with CNBC-TV18, the Financial Leadership Awards with Bloomberg UTV, and the India Pride Awards, an initiative to recognise the superior performing public sector entities, with the Dainik Bhaskar group.

### Subsidiary Companies

During the year, ICRA Lanka Limited (ICRALanka), a wholly-owned subsidiary of your Company, commenced credit rating services in Sri Lanka following the grant of rating licence by the Securities and Exchange Commission of Sri Lanka.

During 2011-12, PT. ICRA Indonesia (ICRAIndo), the Indonesian venture of your Company, received recognition as a credit rating agency from Bank Indonesia (BI), Indonesia's central bank.

During 2011-12, your Company has been granted a letter of intent (LoI) by the Securities Board of Nepal to establish a Credit Rating Agency in Nepal. Your Company proposes to set up a Credit Rating Agency in Nepal in a joint venture with certain reputable Nepal-based institutions and professionals.

During 2011-12, Axiom Technologies Limited, wholly owned by ICRA Techno Analytics Limited (ICTEAS), merged into ICTEAS following the Order passed by the Hon'ble Calcutta High Court. ICTEAS is a wholly-owned subsidiary of your Company offering software solutions and services.

Your Company is in compliance with all the conditions stipulated by the Ministry of Corporate Affairs, Government of India, for availing itself of the general exemption under Section 212 (8) of the Companies Act, 1956, from annexing to the Balance Sheet of your Company, the Audited Statements of Account together with the Directors' Reports and the Auditors' Reports for the year 2011-12 of the



## Directors' Report

subsidiary companies, namely, ICRA Management Consulting Services Limited; ICRA Techno Analytics Limited; ICRA Online Limited; PT. ICRA Indonesia; ICRA Lanka Limited; ICRA Nepal Limited; ICRA Sapphire Inc.; IMaCS Virtus Global Partners Inc.; and Pragati Development Consulting Services Limited. However, if any Shareholder of your Company or subsidiary companies so desires, your Company will make available copies of the Financial Statements of the above subsidiary companies and related information, free of charge.

The Consolidated Financial Statements of Group ICRA, consisting of ICRA Limited, its subsidiaries, and their subsidiaries, for the year 2011-12, which form a part of the Annual Report, are attached. The Auditors' Report on the Consolidated Financial Statements is also attached. A statement containing the brief financial details of the said subsidiary companies is annexed, as prescribed by the Ministry of Corporate Affairs, Government of India, to the Consolidated Financial Statements. The Consolidated Financial Statements have been prepared in accordance with the prescribed Accounting Standards.

### Recovery of Security Deposit from Associated Journals Limited

During 1998-99, your Company had filed a suit with the Hon'ble High Court of Delhi for the recovery of a refundable security deposit of Rs. 46.70 lakh, along with interest due thereon, from Associated Journals Limited for premises located at Herald House, Bahadurshah Zafar Marg, New Delhi. During 2007-08, a ruling was passed in favour of your Company in the said matter by the Hon'ble High Court of Delhi. Subsequently however, appeals were filed by Associated Journals Limited against the said ruling. In 2011-12, the Hon'ble High Court of Delhi dismissed the appeals, but refrained from imposing any cost on Associated Journals Limited. Your Company will shortly re-initiate proceedings against Associated Journals Limited for recovery of the sums due in terms of the decree passed in favour of your Company and against Associated Journals Limited.

### Branches of the Company

Your Company operates its business from its offices located in Delhi, Gurgaon, Mumbai, Kolkata, Chennai, Ahmedabad, Bengaluru, Hyderabad, and Pune.

### Human Resource Development & Training

Human resource development continued to be accorded high priority during the year, with emphasis being placed on improving skill, competence and knowledge through regular training and in-house/ external professional development programmes. The relation between the employees and the management of your Company remained harmonious during the year. The management had periodical discussions with employees aimed at providing the best possible work environment and facilities to them. Your Company has a consultative and participative management style, which has facilitated achievement of its corporate goals. The morale of employees remained high during the year, contributing positively to the progress of your Company.

### Employees Stock Option Scheme (ESOS)

Your Company has implemented the Employee Stock Option Scheme 2006 ("the Scheme") in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and

## Directors' Report

Employee Stock Purchase Scheme) Guidelines, 1999, and in conformity with the resolutions passed by the Shareholders at the Annual General Meetings of the Company held on June 12, 2006, July 29, 2008, and August 12, 2011. Pursuant to the resolution passed by the Shareholders at the Annual General Meeting held on June 12, 2006 for the grant of Options, 9,06,000 Equity Shares amounting to 9.06% of the Equity Share Capital of your Company have been issued to the ICRA Employees Welfare Trust for grant of Options to the eligible Optionees. Accordingly, the Stock Options have been granted to the eligible Optionees from the said pool of 9,06,000 Equity Shares in two tranches so far. The first tranche was granted during 2006-07 and the second during 2010-11. The details of the Stock Options granted under the Scheme are annexed to the Directors' Report. The Scheme is administered by the ESOS Compensation Committee of the Board of your Company and the ICRA Employees Welfare Trust.

### Particulars of Employees

The information on employees who received remuneration of Rs. 60 lakh per financial year or Rs. 5 lakh per month, or more, is required to be given under Section 217 (2A) of the Companies Act, 1956, and the Companies (Particulars of Employees) Amendment Rules, 2011, as annexure to the Directors' Report. However, in terms of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Directors' Report is being sent to all Shareholders of your Company without this annexure. Any Shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of your Company.

### Corporate Governance

The report of the Board of Directors of your Company on Corporate Governance is presented as a separate section titled "Corporate Governance Report", which forms a part of the Annual Report. The Certificate of the Statutory Auditors of your Company regarding compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the stock exchanges concerned is annexed to the Directors' Report.

### Management Discussion & Analysis

The Management Discussion and Analysis is annexed to the Directors' Report.

### Insider Trading Regulations

Based on the requirements under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the Code of Conduct for prevention of insider trading is in force in your Company.

### Conservation of Energy, Technology Absorption, and Foreign Exchange Earnings and Expenditure

As your Company is not engaged in any manufacturing activity, the particulars relating to conservation of energy and technology absorption, as mentioned in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are not applicable to it. However, emphasis is placed on employing techniques that result in the conservation of energy. Details on the foreign exchange earnings and expenditure of your Company appear in the Notes to Accounts.



## Directors' Report

### Directors

During 2011-12, Mr. Pranab Kumar Choudhury was reappointed Whole-time Director (Vice-Chairman & Group CEO) of your Company by the Shareholders at the 20<sup>th</sup> Annual General Meeting held on August 12, 2011.

Further, Mr. Naresh Takkar was reappointed Whole-time Director (Managing Director & CEO) of your Company by the Shareholders at the 20<sup>th</sup> Annual General Meeting held on August 12, 2011.

Pursuant to the provisions of Sections 255 and 256 of the Companies Act, 1956, and the Articles of Association of your Company, Mr. Frederic Walter Jacques Drevon and Mr. Amal Ganguli retire by rotation, and being eligible, offer themselves for reappointment.

Proposals for the above reappointments are part of the Agenda for the forthcoming Annual General Meeting and the respective resolutions are recommended for your approval.

The profiles of these Directors are presented in the Notice of the 21<sup>st</sup> Annual General Meeting, as required under Clause 49 of the Listing Agreement.

### 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 the year ended March 31, 2012, the applicable accounting standards have been followed and there are no material departures from the same;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
- (iv) the Directors have prepared the Annual Accounts on a going concern basis.

### Auditors

Messrs Vipin Aggarwal & Associates, Chartered Accountants, Statutory Auditors of your Company, hold office until the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment. They have confirmed their eligibility for reappointment under the provisions of Section 224 (1B) of the Companies Act, 1956.

The Notes to Accounts referred to in Auditors' Report are self explanatory and do not call for any further comments.

## Directors' Report

### Transfer to Reserves

Your Company proposes to transfer Rs. 5.09 crore (10% of the Net Profit for the year) to the General Reserve. An amount of Rs. 98.89 crore is proposed to be retained in the Statement of Profit & Loss.

### Dividend

The Board of Directors recommends for approval of the Shareholders at the forthcoming Annual General Meeting, payment of dividend of Rs. 20 per Equity Share for the financial year ended March 31, 2012. If the Shareholders approve the dividend at the forthcoming Annual General Meeting, the dividend shall be paid to: (i) all those Members whose names appear in the Register of Members as on July 30, 2012; and (ii) all those Members whose names appear on that date as beneficial owners as furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

### Acknowledgements

Your Directors acknowledge the cooperation and assistance received from various institutions, Government agencies, Shareholders and professionals from different disciplines.

Your Directors also wish to place on record their appreciation of the contribution made by the members of staff of your Company.

For and on behalf of the Board of Directors

Place : New Delhi  
Date : May 11, 2012

(D. N. Ghosh)  
Chairman

## Annexures to the Directors' Report

### Disclosure in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

Description	Tranche 1 (As on March 31, 2012)	Tranche 2 (As on March 31, 2012)		
(a) Options Granted during the year (Tranche 1 Granted on March 24, 2007: 6,15,763) (Tranche 2 Granted on November 9, 2010: 2,72,500)	Nil	Nil		
(b) The Pricing Formula	IPO Issue Price	IPO Issue Price		
(c) Options Vested	5,44,859	1,02,480		
(d) Options Exercised	3,47,588	39,141		
(e) Total Number of Shares arising as a result of Exercise of Options	3,47,588 equity shares of Rs. 10/- each	39,141 equity shares of Rs. 10/- each		
(f) Options Lapsed	73,853	23,586		
(g) Variation of Terms of Options	Nil	Nil		
(h) Money Realised by Exercise of Options	Rs. 11,47,04,040	Rs. 1,29,16,530		
(i) Total Number of Options in Force	1,94,322	2,09,773		
(i) Employee-wise details of Options granted under Tranche 2 (i) The options that vested/will vest annually to Senior Managerial Personnel of your Company are as under:				
Name of Employee	Designation	November 9, 2011	November 9, 2012	November 9, 2013
Mr. Pranab Kumar Choudhury	Vice-Chairman & Group CEO	4,800	3,600	3,600
Mr. Naresh Takkar	Managing Director & CEO	4,800	3,600	3,600
Mr. L. Shivakumar	Senior Group Vice-President	3,240	2,430	2,430
Mr. Vivek Mathur	Senior Group Vice-President	3,240	2,430	2,430
Mr. Anjan Deb Ghosh	Senior Group Vice-President	3,240	2,430	2,430
Mr. Jayanta Chatterjee	Senior Group Vice-President	3,240	2,430	2,430
Mr. Subrata Ray	Senior Group Vice-President	2,988	2,241	2,241
Mr. Vijay Wadhwa	CFO & Co. Secretary	3,240	2,430	2,430
Mr. Rohit Dattatray Inamdar	Senior Vice-President	4,976	3,732	3,732
Mr. K. Ravichandran	Senior Vice-President	2,700	2,025	2,025
Mr. Kalpesh Gada	Senior Vice-President	2,700	2,025	2,025
Ms. Vibha Batra	Senior Vice-President	2,700	2,025	2,025
Mr. Karthik Srinivasan	Senior Vice-President	2,700	2,025	2,025
Mr. Jayanta Roy	Senior Vice-President	2,249	1,688	1,688
Mr. Sabyasachi Majumdar	Senior Vice-President	2,100	1,575	1,575
(ii) any other employee who receives a grant in any one year of options amounting to 5% or more of Option granted during the year				None
(iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant				None

## Annexures to the Directors' Report

- (k) Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standards (AS)-20 Rs. 50.90
- (l) Where the Company has calculated the employee compensation cost using the intrinsic value of the Stock Options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the Options. The impact of this difference on profits and on Earning Per Share of the Company Had the Company followed fair value method for accounting the Stock Option compensation expense the amortisation would have been higher by Rs. 69.86 lakh. Consequently profit after tax would have been lower by Rs. 69.86 lakh and the basic and diluted EPS of the Company would have been Rs. 50.20
- (m) Weighted average exercise price of the Options and Weighted average fair values of Options on the grant date are as under:-

Stock option granted on	Exercise Price (in Rs.)	Fair Values of options (in Rs.) Face value Rs. 10	Closing market price at BSE/NSE (in Rs.)
March 24, 2007	330.00	138.00	Shares of ICRA Limited were not listed on grant date
November 9, 2010	330.00	1,153.00	Rs. 1,423.85 on November 8, 2010 (NSE)

- (n) Black Scholes Option Valuation method has been adopted for estimating the fair value of the Options. The Fair Value of the Stock Options has been calculated assuming the following:

### Stock Option granted on March 24, 2007

- (1) Risk free interest rate: 7.7-7.8%
- (2) Expected life: 3-5 years
- (3) Expected volatility: 47.6%
- (4) Expected dividends: Rs. 5 per share per annum
- (5) The shares were not listed at the time of grant of Options. However, the market price of each share as on the Grant Date was taken as Rs. 330 (i.e. the IPO Issue Price)

### Stock Option granted on November 9, 2010

- (1) Risk free interest rate: 7.32-7.78%
- (2) Expected life: 3-5 years
- (3) Expected volatility: 58.4%
- (4) Expected dividends: Rs. 13 per share per annum
- (5) Price of the underlying share in market at the time of option grant: Rs. 1,423.85 (NSE)

## Auditors' Certificate

In our opinion and according to the information and explanations given to us, we hereby certify that ICRA Limited ("the Company") has implemented Employees Stock Option Scheme 2006 ("the Scheme") in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and in conformity with the resolutions passed by the shareholders in the Annual General Meetings of the Company held on June 12, 2006, July 29, 2008 and August 12, 2011.

For Vipin Aggarwal & Associates  
Chartered Accountants  
(Registration No. 014454N)

Place : New Delhi  
Date : May 11, 2012

(Vipin Aggarwal)  
Membership No. 016544



# Corporate Governance Report

## A. Company's Philosophy on Corporate Governance

Good governance encompasses conduct of the Company's business in an ethical, transparent, fair and equitable manner with due regard to the interests of various stakeholders, exercising proper control over the Company's assets and transactions.

## B. Board of Directors

### (i) Board Membership Criteria

The Members of the Board of Directors of your Company are expected to possess the required expertise, skill, and experience to effectively manage and direct your Company so that it can attain its organisational goals. They are expected to be persons with vision, leadership qualities, a strategic bent of mind, proven competence, and integrity.

Each Member of the Board of Directors of your Company is expected to ensure that his/her personal interest does not run in conflict with your Company's interests. Moreover, each Member is expected to use his/her professional judgement to maintain both the substance and appearance of independence and objectivity.

### (ii) Composition of the Board

The Board of Directors of your Company has an optimum combination of Executive and Non-Executive Directors so as to have a balanced structure. The Board has nine Directors, two of whom are Executive Directors. Of the seven Non-Executive Directors, five are Independent Directors. The Chairman of the Board is an Independent Director. The number of Independent Directors is more than one-third the total numbers of Directors. The number of Non-Executive Directors is more than 50% of the total number of Directors. All Directors, except the Vice-Chairman & Group CEO and the Managing Director & CEO, are liable to retire by rotation.

Particulars	Composition of the Board		Minimum Requirement as per Clause 49(%)
	No. of Directors	% of Total Directors	
Non-Executive Directors	7	78	50
Executive Directors	2	22	-
<b>Total</b>	<b>9</b>	<b>100</b>	
Independent Directors	5	56	33
Non-Independent Directors	4	44	-
<b>Total</b>	<b>9</b>	<b>100</b>	

## Corporate Governance Report

None of the Directors on the Board of your Company is a Member of more than 10 committees or chairman of more than five committees (in compliance with Clause 49 of the Listing Agreement), considering all the companies in which they are Directors.

The composition of the Board along with the other directorships held by each of the Directors is set out below:

Name of Director <sup>1</sup>	Position	Relationship with Other Directors	Directorship in Other Companies <sup>2</sup>	No. of Board Committee(s) of which she/he is a Member <sup>3</sup>	No. of Board Committee(s) of which she/he is a Chairman <sup>3</sup>
Mr. Dhruva Narayan Ghosh	Chairman Non-Executive Independent Director	None	5	1	1
Mr. Pranab Kumar Choudhury	Executive Non-Independent Director	None	10	4	None
Mr. Naresh Takkar	Executive Non-Independent Director	None	4	1	1
Dr. Uddesh Kohli	Non-Executive Independent Director	None	5	6	3
Prof. Deepak Nayyar	Non-Executive Independent Director	None	3	2	2
Mr. Piyush Gunwantrao Mankad	Non-Executive Independent Director	None	10	8	2
Mr. Amal Ganguli	Non-Executive Independent Director	None	14	6	5
Ms. Jennifer Ann Elliott	Non-Executive Non-Independent Director	None	21	1	None
Mr. Frederic Walter Jacques Drevon	Non-Executive Non-Independent Director	None	21	None	None

<sup>1</sup> Except Mr. Pranab Kumar Choudhury, none of the Directors of your Company was holding any shares of your Company as on March 31, 2012.

<sup>2</sup> Including Private Companies and Foreign Companies.

<sup>3</sup> Includes membership/chairmanship only of the Audit Committee(s) and Shareholders'/Investors' Grievance Committee(s) in all companies (Public Limited Companies and Private Limited Companies), including ICRA Limited.



## Corporate Governance Report

Name of Director	Directorship in Other Companies
<b>Mr. Dhruva Narayan Ghosh</b>	<ul style="list-style-type: none"> <li>• Housing Development Finance Corporation Limited</li> <li>• Sundaram Asset Management Company Limited</li> <li>• ICRA Management Consulting Services Limited</li> <li>• Birla Corporation Limited</li> <li>• Peerless Hospitex Hospital and Research Center Limited</li> </ul>
<b>Mr. Pranab Kumar Choudhury</b>	<ul style="list-style-type: none"> <li>• ICRA Online Limited</li> <li>• ICRA Management Consulting Services Limited</li> <li>• ICRA Techno Analytics Limited</li> <li>• Peerless Securities Limited</li> <li>• ICRA Sapphire Inc.</li> <li>• PT. ICRA Indonesia</li> <li>• The Peerless General Finance &amp; Investment Company Limited</li> <li>• ICRA Lanka Limited</li> <li>• ICRA Nepal Limited</li> <li>• BPA Technologies Inc.</li> </ul>
<b>Mr. Naresh Takkar</b>	<ul style="list-style-type: none"> <li>• ICRA Techno Analytics Limited</li> <li>• ICRA Online Limited</li> <li>• ICRA Nepal Limited</li> <li>• ICRA Lanka Limited</li> </ul>
<b>Dr. Uddesh Kohli</b>	<ul style="list-style-type: none"> <li>• ALSTOM Projects India Limited</li> <li>• Lanco Infratech Limited</li> <li>• PTC India Financial Services Limited</li> <li>• RK Wind Limited</li> <li>• National Energy Trading and Services Limited</li> </ul>
<b>Prof. Deepak Nayar</b>	<ul style="list-style-type: none"> <li>• Steel Authority of India Limited</li> <li>• Birla Corporation Limited</li> <li>• Oil &amp; Natural Gas Corporation Limited</li> </ul>
<b>Mr. Piyush Gunwantrao Mankad</b>	<ul style="list-style-type: none"> <li>• Tata International Limited</li> <li>• Tata Elxsi Limited</li> <li>• DSP Blackrock Investment Managers Private Limited</li> <li>• Max India Limited</li> <li>• Noida Toll Bridge Company Limited</li> <li>• SRF Limited</li> <li>• HeidelbergCement India Limited</li> <li>• Tata Power Company Limited</li> <li>• Mahindra &amp; Mahindra Financial Services Limited</li> <li>• Hindustan Media Ventures Limited</li> </ul>
<b>Mr. Amal Ganguli</b>	<ul style="list-style-type: none"> <li>• ML Infomap Private Limited</li> <li>• HCL Technologies Limited</li> <li>• New Delhi Television Limited</li> <li>• Century Textiles and Industries Limited</li> <li>• AVTEC Limited</li> <li>• Hughes Communications India Limited</li> <li>• Maruti Suzuki India Limited</li> </ul>

## Corporate Governance Report

Name of Director	Directorship in Other Companies
<p><b>Ms. Jennifer Ann Elliott</b></p>	<ul style="list-style-type: none"> <li>• Tata Communications Limited</li> <li>• AIG Trustee Company (India) Private Limited</li> <li>• Aricent Technologies (Holdings) Limited</li> <li>• Ascendas Property Fund Trustee Private Limited</li> <li>• Laurus Labs Private Limited</li> <li>• Tata Teleservices (Maharashtra) Limited</li> <li>• Triveni Turbines Limited</li>   <li>• China Chengxin International Credit Rating Company Limited</li> <li>• Moody's Asia Pacific Limited</li> <li>• Moody's Investors Service (Beijing) Limited</li> <li>• Moody's Investors Service (Korea) Inc.</li> <li>• Korea Investors Service Inc.</li> <li>• PT. Moody's Indonesia</li> <li>• Moody's Japan K.K.</li> <li>• Moody's Investors Service Pty. Limited</li> <li>• Moody's Mauritius Holdings Limited</li> <li>• Moody's Investment Company India Private Limited</li> <li>• Asia Securities Industry and Financial Markets Association Limited</li> <li>• Moody's Singapore Pte. Limited</li> <li>• Moody's Company Hong Kong Limited</li> <li>• Moody's China (BVI) Limited</li> <li>• Moody's Investors Service Hong Kong Limited</li> <li>• Moody's Investors Service Singapore Pte. Limited</li> <li>• Moody's Asia Pacific Group (Singapore) Pte. Limited</li> <li>• Moody's Group Australia Pty. Limited</li> <li>• Moody's Indonesia (BVI) Limited</li> <li>• Moody's Investors Service Asia Pacific Pty. Ltd.</li> <li>• Moody's SF Japan K.K.</li> </ul>
<p><b>Mr. Frederic Walter Jacques Drevon</b></p>	<ul style="list-style-type: none"> <li>• Moody's Investors Service Espana S.A.</li> <li>• Midroog Limited</li> <li>• Moody's Investors Service Limited</li> <li>• Moody's Holdings Limited</li> <li>• Moody's Holdings (BVI) Limited</li> <li>• Moody's Investors Service (BVI) Limited</li> <li>• Moody's Deutschland GmbH</li> <li>• Moody's Italia S.r.l.</li> <li>• Moody's Investors Service South Africa (Pty) Limited</li> <li>• Moody's Dubai (BVI) Limited</li> <li>• Moody's Interfax Rating Agency Limited (Russia)</li> <li>• Moody's South Africa (BVI) Limited</li> <li>• Moody's Indonesia (BVI) Limited</li> <li>• Moody's Group UK Limited</li> <li>• Moody's Group Deutschland GmbH</li> <li>• Moody's EMEA Limited</li> <li>• Moody's Group France SAS</li> <li>• Moody's Investors Service Cyprus Limited</li> <li>• Moody's France SAS</li> <li>• Moody's Shared Services UK Limited</li> <li>• Moody's Group (Holdings) Limited</li> </ul>



## Corporate Governance Report

### (iii) Board Meetings/Annual General Meeting

During the year 2011-12, the Board of Directors of your Company met four times: on May 11, 2011; August 12, 2011; November 2, 2011; and February 7, 2012. The agenda papers along with the explanatory notes for Board Meetings are sent in advance to the Directors. In some instances, documents are tabled at the meeting and presentations are also made by the respective executives on the matters related to them at the Board Meetings.

The previous Annual General Meeting was held on August 12, 2011.

Details regarding the attendance of Directors at the Board Meetings and the Annual General Meeting held during the year 2011-12 are presented in the following table.

Director	No. of Board Meetings Held	No. of Board Meetings Attended	Whether Last Annual General Meeting Attended
Mr. Dhruva Narayan Ghosh	4	4	Yes
Mr. Pranab Kumar Choudhury	4	4	Yes
Mr. Naresh Takkar	4	4	Yes
Dr. Uddesh Kohli	4	4	Yes
Prof. Deepak Nayyar	4	3	Yes
Mr. Piyush Gunwantrao Mankad	4	4	Yes
Mr. Amal Ganguli	4	3	No
Ms. Jennifer Ann Elliott	4	3	No
Mr. Frederic Walter Jacques Drevon	4	1	No

The necessary quorum was present for all the meetings.

### (iv) Membership Term and Retirement Policy

According to the Articles of Association of your Company, at every Annual General Meeting, one-third of such of the Directors for the time being as are liable to retire by rotation, or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office.

The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Director on the same day those who are to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

### (v) Code of Conduct

The Board of Directors has prescribed a Code of Conduct for all Members of the Board and the Senior Management of your Company. The Code of Conduct is available on your Company's website [www.icra.in](http://www.icra.in).

All the Members of the Board and the Senior Management personnel of your Company have confirmed their compliance with the Code of Conduct for the year ended March 31, 2012.

## Corporate Governance Report

### C. Board Committees

In compliance with both the mandatory and non-mandatory requirements under the Listing Agreement, and the applicable laws, the Board has constituted the following committees:

- (i) Audit Committee
- (ii) Remuneration Committee
- (iii) Shareholders'/Investors' Grievance Committee
- (iv) ESOS [Employee Stock Option Scheme] Compensation Committee
- (v) Strategy Committee

The Chairman of the Board, in consultation with the Company Secretary and the respective chairmen of these committees, determines the frequency of the meetings of these committees. The recommendations of the committees are submitted to the Board for noting/approval.

#### (i) Audit Committee

The terms of reference of the Audit Committee include:

- (a) Oversight of the Company's financial reporting process, and disclosure of financial information, so as to ensure accuracy of information.
- (b) Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
- (c) Approval of payment to statutory auditors for any other service rendered.
- (d) Reviewing, with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' responsibility statement that is a part of the Directors' Report under Section 217 (2AA) of the Companies Act, 1956;
  - Changes, if any, in accounting policies and practices and the reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgement by the Management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related-party transactions; and
  - Qualifications in the draft audit report.
- (e) Reviewing, with the Management, the quarterly financial statements before submission to the Board, performance of the statutory and internal auditors, and adequacy of internal control.
- (f) Mandatorily reviewing the following information:
  - Management discussion and analysis of financial condition and results of operations;
  - Statement of significant related-party transactions;
  - Management letters/letters of internal control weakness issued by the statutory auditors;
  - Internal audit report relating to internal control weakness; and
  - Appointment, removal and terms of remuneration of the internal auditor(s).



## Corporate Governance Report

The Audit Committee consists of five Non-Executive Directors, of whom four are Independent Directors. The Chairman of the committee, Mr. Dhruba Narayan Ghosh, is a Non-Executive Independent Director.

The Composition of the Audit Committee is as under:

1. Mr. Dhruba Narayan Ghosh, Chairman,
2. Dr. Uddesh Kohli,
3. Prof. Deepak Nayyar,
4. Mr. Amal Ganguli, and
5. Ms. Jennifer Ann Elliott.

The Statutory and Internal Auditors of the Company are invitees to the Audit Committee. The previous Annual General Meeting of the Company was held on August 12, 2011, and it was attended by Mr. Dhruba Narayan Ghosh, Chairman of the committee.

The Audit Committee met four times during the year 2011-12: on May 11, 2011; August 12, 2011; November 2, 2011; and February 7, 2012. The following table presents the details of attendance at the Audit Committee meetings held during the year 2011-12.

Director	No. of Meetings Held	No. of Meetings Attended
Mr. Dhruba Narayan Ghosh, Chairman	4	4
Dr. Uddesh Kohli	4	4
Prof. Deepak Nayyar	4	3
Mr. Amal Ganguli	4	3
Ms. Jennifer Ann Elliott	4	3

The Company Secretary of your Company is the secretary to the Audit Committee.

### (ii) Remuneration Committee

The Remuneration Committee is headed by a Non-Executive Independent Director. The committee consists of:

1. Mr. Dhruba Narayan Ghosh, Chairman,
2. Prof. Deepak Nayyar,
3. Mr. Piyush Gunwantraai Mankad, and
4. Mr. Frederic Walter Jacques Drevon.

During 2011-12, a meeting of the Remuneration Committee was held on May 4, 2011.

The following table presents the details of attendance at the Remuneration Committee meeting held during the year 2011-12:

Director	No. of Meetings Held	No. of Meetings Attended
Mr. Dhruba Narayan Ghosh, Chairman	1	1
Prof. Deepak Nayyar	1	1
Mr. Piyush Gunwantraai Mankad	1	1
Mr. Frederic Walter Jacques Drevon	1	Nil

The Company Secretary of your Company is the Secretary to this committee.

## Corporate Governance Report

### Remuneration Policy

#### Executive Directors

During the year 2011-12, your Company paid remuneration to its Executive Directors within the limits envisaged under the applicable provisions of the Companies Act, 1956. The remuneration paid to the Executive Directors was approved by the Board and the Remuneration Committee within the limits approved by the Shareholders. The Remuneration Committee determines your Company's policy on specific remuneration packages for the Executive Directors.

#### Remuneration of the Executive Directors

The remuneration structure for the Executive Directors of your Company has four components:

- Fixed Pay:** This consists of various heads of pay, such as Basic Salary, House Rent Allowance, Conveyance Allowance and City Compensatory Allowance, and other perquisites;
- Deferred Pay:** This is paid in the form of Deferred Incentive;
- Share of Profit:** This is paid in the form of Commission; and
- Stock Options:** These are granted by the ESOS Compensation Committee under the Employees Stock Option Scheme.

The compensation package of an individual Member of Staff is linked to skills and capabilities, standard of performance, and responsibilities handled.

#### Remuneration Paid/Payable to Executive Directors for the year ended March 31, 2012

(Amounts in Rupees)

Name	Mr. Pranab Kumar Choudhury	Mr. Naresh Takkar
Designation	Vice-Chairman & Group CEO	Managing Director & CEO
Salary	51,60,000	43,95,000
Allowances	62,59,748	58,77,173
Perquisites	10,66,602	1,04,242
Commission	65,32,000	65,32,000
Provident Fund Contribution	6,72,000	5,27,400
Total Remuneration	1,96,90,350	1,74,35,815
Appointment Valid Till	January 31, 2014	June 30, 2016
Notice Period	3 months	3 months
No. of Stock Options Granted During the Year	Nil	Nil

#### Non-Executive Directors

The Non-Executive Directors are paid remuneration by way of sitting fees of Rs. 20,000 for each meeting attended of the Board or a Board committee.

## Corporate Governance Report

### Sitting Fees Paid to Non-Executive Directors during the year 2011-12

(Amounts in Rupees)

S.No.	Name of the Director	Sitting Fees Paid
1	Mr. Dhruva Narayan Ghosh	2,40,000
2	Dr. Uddesh Kohli	2,00,000
3	Prof. Deepak Nayyar	2,00,000
4	Mr. Piyush Gunwantrao Mankad	1,00,000
5	Mr. Amal Ganguli	1,20,000
6	Ms. Jennifer Ann Elliott	1,40,000*
7	Mr. Frederic Walter Jacques Drevon	20,000

\*includes Rs. 20,000 pertaining to previous financial year.

The Non-Executive Directors are also paid remuneration by way of Commission, as approved by the Shareholders in its meeting held on July 29, 2008, of an aggregate amount not exceeding 1% of the net profits of the Company, for each financial year or part thereof computed in the manner specified under Section 198 (1) of the Companies Act, 1956. This approval was granted by the Shareholders for a period of five financial years w.e.f. 2007-08 and is valid up to 2011-12.

### Commission Payable to Non-Executive Directors for the year 2011-12

(Amounts in Rupees)

S.No.	Name of the Director	Commission
1	Mr. Dhruva Narayan Ghosh	6,00,000
2	Dr. Uddesh Kohli	6,00,000
3	Prof. Deepak Nayyar	6,00,000
4	Mr. Piyush Gunwantrao Mankad	6,00,000
5	Mr. Amal Ganguli	6,00,000
6	Ms. Jennifer Ann Elliott	6,00,000
7	Mr. Frederic Walter Jacques Drevon	6,00,000

Except for your Company's Executive Directors, who are entitled to statutory benefits upon termination of their employment with your Company, no other Director is entitled to any benefit upon termination of his/her association with your Company.

### (iii) Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee is headed by a Non-Executive Independent Director. The Committee consists of:

1. Dr. Uddesh Kohli, Chairman,
2. Prof. Deepak Nayyar, and
3. Mr. Pranab Kumar Choudhury.

The Company Secretary of your Company is the Compliance Officer.

## Corporate Governance Report

During 2011-12, a meeting of the Shareholders'/Investors' Grievance Committee was held on February 7, 2012.

The following table presents the details of attendance at the Shareholders'/Investors' Grievance Committee meeting held during the year 2011-12.

Director	No. of Meetings Held	No. of Meetings Attended
Dr. Uddesh Kohli, Chairman	1	1
Prof. Deepak Nayyar	1	1
Mr. Pranab Kumar Choudhury	1	1

The Shareholders'/Investors' Grievance Committee oversees redressal of Shareholder and investor complaints on matters such as transfer of shares, non-receipt of shares, and non-receipt of declared dividends, ensures expeditious transfer of shares and issue of duplicate share certificates, and approves sub-division/transmission of shares.

Your Company received 41 complaints from Shareholders/Investors during the financial year 2011-12 all of which were redressed to the satisfaction of the Shareholders/Investors concerned. There was one complaint pending at the beginning of the financial year 2011-12 and this was redressed during the course of the year itself.

### (iv) ESOS Compensation Committee

The ESOS Compensation Committee of the Board of Directors of your Company is headed by a Non-Executive Independent Director. The committee consists of:

1. Mr. Dhruva Narayan Ghosh, Chairman,
2. Prof. Deepak Nayyar, and
3. Mr. Frederic Walter Jacques Drevon.

During 2011-12, no meeting of the ESOS Compensation Committee was held.

### (v) Strategy Committee

The Strategy Committee is headed by a Non-Executive Independent Director. This committee considers issues related to competitive strategies, business plans, product development, brand enhancement and visibility, and major challenges in the areas of human resource, investors' relationship, etc. The committee consists of:

1. Mr. Piyush Gunwantrao Mankad, Chairman,
2. Ms. Jennifer Ann Elliott, and
3. Mr. Pranab Kumar Choudhury.

The Company Secretary of your Company is the Secretary to this committee.

During 2011-12, no meeting of the Strategy Committee was held.



## Corporate Governance Report

### D. Subsidiary Companies Monitoring Framework

All subsidiary companies of your Company are Board-managed, with their respective Boards of Directors having the rights and obligations to manage the companies concerned in the best interest of their stakeholders. The Company monitors the performance of its subsidiary companies using, *inter alia*, the following means:

- (a) Financial Statements, in particular the investments made by the unlisted subsidiary companies, are reviewed quarterly by the Audit Committee of the Company.
- (b) Minutes of all the Board meetings of the unlisted subsidiary companies are placed regularly before the Board of Directors at the Board Meetings of the Company.
- (c) A statement containing all the significant transactions and arrangements entered into by the unlisted subsidiary companies is placed regularly before the Board of Directors at the Board Meetings of the Company.

None of the subsidiary companies of your Company is a material non-listed Indian subsidiary company as defined under Clause 49 III of the Listing Agreement. One of the Independent Directors is a Director on the Board of ICRA Management Consulting Services Limited (IMaCS), a subsidiary of your Company.

### E. General Body Meeting

Select details of the last three **Annual General Meetings** of your Company are presented in the following table.

Nature of Meeting	Date and Time	Venue
Eighteenth Annual General Meeting	August 4, 2009 at 15:00 hours	Air Force Auditorium, Subroto Park; New Delhi 110 010
Nineteenth Annual General Meeting	August 12, 2010 at 15:00 hours	Air Force Auditorium, Subroto Park; New Delhi 110 010
Twentieth Annual General Meeting	August 12, 2011 at 15:00 hours	Air Force Auditorium, Subroto Park; New Delhi 110 010

The following Special Resolutions were passed by the Members during the last three Annual General Meetings:

#### **Eighteenth Annual General Meeting held on August 4, 2009**

- To reappoint M/s. Vipin Aggarwal & Associates, Chartered Accountants, as Auditors of your Company for the year 2009-10.

#### **Nineteenth Annual General Meeting held on August 12, 2010**

- To reappoint M/s. Vipin Aggarwal & Associates, Chartered Accountants, as Auditors of your Company for the year 2010-11.

## Corporate Governance Report

### Twentieth Annual General Meeting held on August 12, 2011

- To reappoint M/s. Vipin Aggarwal & Associates, Chartered Accountants, as Auditors of your Company for the year 2011-12.
- To modify the ICRA Limited Employees Stock Scheme, 2006.

### Postal Ballot

During 2011-12, no Resolution was passed through Postal Ballot as required under Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011. None of the businesses proposed to be transacted at the ensuing Annual General Meeting requires passing a Special Resolution through Postal Ballot.

## F. Disclosures

### (i) Related-Party Transactions

There have been no materially significant related-party transactions, pecuniary transactions or relationships between your Company and the Directors, the Management, subsidiary companies or related parties except for those disclosed in the financial statements for the year ended March 31, 2012.

### (ii) Details of Non-Compliance

There has been no instance of non-compliance of any legal requirements. Further, no strictures have been imposed by any Stock Exchange or Securities and Exchange Board of India (SEBI) or any statutory authority on any matter related to the capital markets during the last three years.

### (iii) Whistle Blower Policy

Your Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report to the management concerns about unethical behaviour or actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. Further, no Member of staff has been denied access to the Audit Committee.

### (iv) Adoption of Mandatory and Non-Mandatory Requirements

Your Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement and the non-mandatory requirements relating to the constitution of the Remuneration Committee and adoption of a whistle blower policy.

### (v) Management Discussion and Analysis Report

The Management Discussion and Analysis Report is annexed and forms a part of the Directors' Report.



## Corporate Governance Report

### G. Means of Communication

1. Your Company's corporate website [www.icra.in](http://www.icra.in) has an "Investors" section, which provides comprehensive information to Shareholders. The annual reports and other related information are available there.
2. The quarterly and annual financial results are published in English and Hindi daily newspapers, viz. *The Financial Express* and *Jansatta*, in addition to some other newspapers. The results are also available on your Company's website [www.icra.in](http://www.icra.in).
3. The Annual Report of the Company for the financial year 2011-12 has been emailed to the Members whose email IDs are available with the depositories or have been obtained directly from the Members, in accordance with the Circulars on the subject "Green Initiative" of the Ministry of Corporate Affairs, Government of India, dated April 21, 2011 and April 29, 2011. For other Members, who have not registered their email IDs or those who opted for physical copies of the Annual Report, the Annual Report has been sent at their registered address. If any Member requests a hard copy of the Annual Report, the Company, on receiving such request, will send the same free of cost to the Member concerned. The Annual Report is also available on the Company's website [www.icra.in](http://www.icra.in).
4. The shareholding pattern, updated every quarter, is displayed on the Company's website [www.icra.in](http://www.icra.in).
5. The press releases issued are also displayed on the website [www.icra.in](http://www.icra.in).
6. Your Company sends reminders for unpaid dividend/ Initial Public Offer (IPO) refund to such Shareholders/IPO investors who, according to the records with the Company, have not claimed the same.

### H. Auditors' Certificate on Corporate Governance

The Auditors' certificate with respect to compliance with Clause 49 of the Listing Agreement relating to Corporate Governance has been annexed to the Directors' Report and will be sent to the Stock Exchanges at the time of filing of the Annual Report.

### I. CEO/CFO Certification

As required under Clause 49 of the Listing Agreement, the CEO/CFO certificate has been annexed to the Directors' Report.

### J. Reconciliation of Share Capital Audit

As stipulated by SEBI, a Reconciliation of Share Capital Audit is carried out by an independent practising Company Secretary on a quarterly basis to confirm reconciliation of the issued and listed capital, shares held in dematerialised and physical mode, and the status of the Register of Members.

## Corporate Governance Report

### K. General Shareholders' Information

<b>1.</b>	<b>Annual General Meeting</b> Date Time Venue	August 3, 2012 15:00 hours Air Force Auditorium, Subroto Park; New Delhi 110010
<b>2.</b>	<b>Financial Year</b> Quarterly results will be declared as per the following tentative schedule: <ul style="list-style-type: none"> <li>Financial reporting for the quarter ending June 30, 2012</li> <li>Financial reporting for the half year ending September 30, 2012</li> <li>Financial reporting for the quarter ending December 31, 2012</li> <li>Financial reporting for the year ending March 31, 2013</li> </ul>	Financial Year is April 1 to March 31  First fortnight of August 2012  First fortnight of November 2012  First fortnight of February 2013  Second fortnight of May 2013
<b>3.</b>	<b>Dates of Book Closure</b>	July 31, 2012 to August 2, 2012 (both days inclusive)
<b>4.</b>	<b>Proposed Dividend</b>	The Board of Directors has recommended a dividend of Rs. 20 per equity share of the face value of Rs. 10 each for the financial year ended March 31, 2012
<b>5.</b>	<b>Dividend Payment Date</b>	Dividend on equity shares for the year ended March 31, 2012, as recommended by the Directors and approved by the Shareholders at the Annual General Meeting, will be paid/despatched on August 13, 2012
<b>6.</b>	<b>Listing on Stock Exchanges</b>	The shares of your Company are listed on: <ul style="list-style-type: none"> <li>The Bombay Stock Exchange Limited P.J. Towers, Dalal Street, Mumbai 400 001</li> <li>The National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051</li> </ul> Your Company has paid the annual listing fee for the financial year 2012-13 to both the Exchanges
<b>7.</b>	<b>Stock Code</b>	Bombay Stock Exchange Limited: 532835 National Stock Exchange of India Limited: ICRA ISIN: INE725G01011
<b>8.</b>	<b>Registrar and Share Transfer Agent</b>	M/s. Link Intime India Private Limited (Formerly M/s. Intime Spectrum Registry Limited) A-40, 2nd Floor, Naraina Industrial Area, Phase II, Near Batra Banquet Hall, New Delhi 110 028 Tel: +91 11 4141 0592, Fax: +91 11 4141 0591 Email Id: delhi@linkintime.co.in



## Corporate Governance Report

9.	<b>Share Transfer System</b>	The Board of Directors has delegated the power of share transfer to the Registrar and Share Transfer Agent, Link Intime India Private Limited (address mentioned above). A summary report on the transfer/transmission of shares of the Company is placed at every meeting of the Board of Directors. Every half year, the Company obtains from a practising Company Secretary a certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with the Stock Exchanges, and files a copy of the certificate with the Stock Exchanges.
10.	<b>Compliance Officer</b>	Mr. Vijay Wadhwa C.F.O. & Company Secretary ICRA Limited Building No. 8, 2nd Floor, Tower A DLF Cyber City, Phase-II Gurgaon 122 002, Haryana Tel: +91 124 4545300 Fax: +91 124 4050424 Email: investors@icraindia.com
11.	<b>Dematerialisation of Shares and Liquidity</b>	99.99% shares of your Company are held in the electronic mode
12.	<b>National Electronic Clearing Service (NECS)</b>	Under this system, Members can receive their dividend electronically by way of direct credit to their bank accounts. This obviates problems like loss/ fraudulent interception of dividend warrants during postal transit while also expediting payment. It is strongly recommend that Members opt for NECS, if not done already. Members may please note that NECS details are downloaded from the Depositories and used for payment of dividend. <b><u>Therefore, Members are requested to update their bank account and latest address details with their respective Depository Participants</u></b> (for shares held in the electronic form) or submit duly completed NECS mandate forms (available on the Company's website) along with a photocopy of their cheques to the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited (for shares held in the physical form). Our Registrar and Share Transfer Agent will take due note of the same for payment of dividend.

## Corporate Governance Report

13.	<b>Green Initiative</b>	The Ministry of Corporate Affairs (MCA), Government of India, through its Circulars dated April 21, 2011 and April 29, 2011, has allowed companies to send to their Members notices/documents in the electronic form while complying with Section 53 of the Companies Act, 1956. ICRA Limited, being keen to participate in the "Green Initiative" of the MCA, proposes to email, this year onwards, its Annual Reports, Notice of AGMs, and other documents to all Members who have registered/register their email IDs with their Depository Participants/the Registrar and Share Transfer Agent. <b>Accordingly, Members are requested to update/register their email IDs with their Depository Participants/the Registrar and Share Transfer Agent at the earliest.</b> This will enable the Company send its Annual Report, Notice of AGM, and other documents to its Members in the electronic form in future. The Company will continue to send the said documents in the physical form to such Members whose email IDs it does not have and to those who request delivery of the said documents in the physical form.
14.	<b>Investor Complaints to be addressed to</b>	Registrar and Share Transfer Agent or to Mr. Vijay Wadhwa, Compliance Officer, at the addresses mentioned earlier.

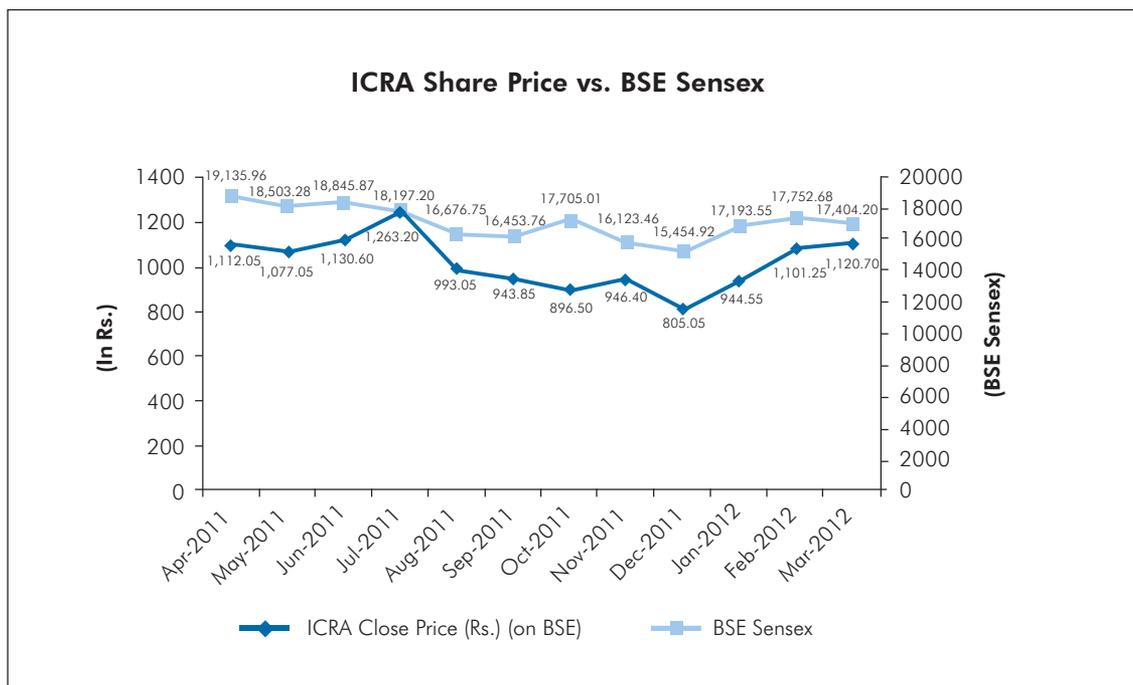
### 15. Market Price Data for the year 2011-12

The high and low market price and the volume of ICRA's shares traded on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) during the period from April 1, 2011 to March 31, 2012 are presented in the following table.

Month	BSE			NSE			Total Volume on BSE and NSE
	Share Price (Rs.)		Volume	Share Price (Rs.)		Volume	
	High	Low		High	Low		
April 2011	1,230.00	1,059.90	60911	1,223.95	1,062.25	65346	126257
May 2011	1,150.00	1,005.15	46215	1,134.80	1,000.00	90044	136259
June 2011	1,144.05	1,001.70	40183	1,148.00	1,004.20	110571	150754
July 2011	1,373.75	1,070.25	76045	1,375.00	1,082.00	178695	254740
August 2011	1,306.00	962.00	107901	1,310.00	955.15	112185	220086
September 2011	1,014.95	907.75	24304	1,030.00	911.90	79601	103905
October 2011	979.90	890.00	43866	965.95	874.50	90365	134231
November 2011	1,010.50	865.90	73606	1,008.80	866.30	199278	272884
December 2011	949.95	800.00	21450	955.95	800.00	121226	142676
January 2012	957.00	797.05	411596	957.00	793.00	583880	995476
February 2012	1,115.00	925.00	154645	1,116.90	925.00	471594	626239
March 2012	1,181.95	1,040.00	44531	1,182.50	1,040.00	99876	144407

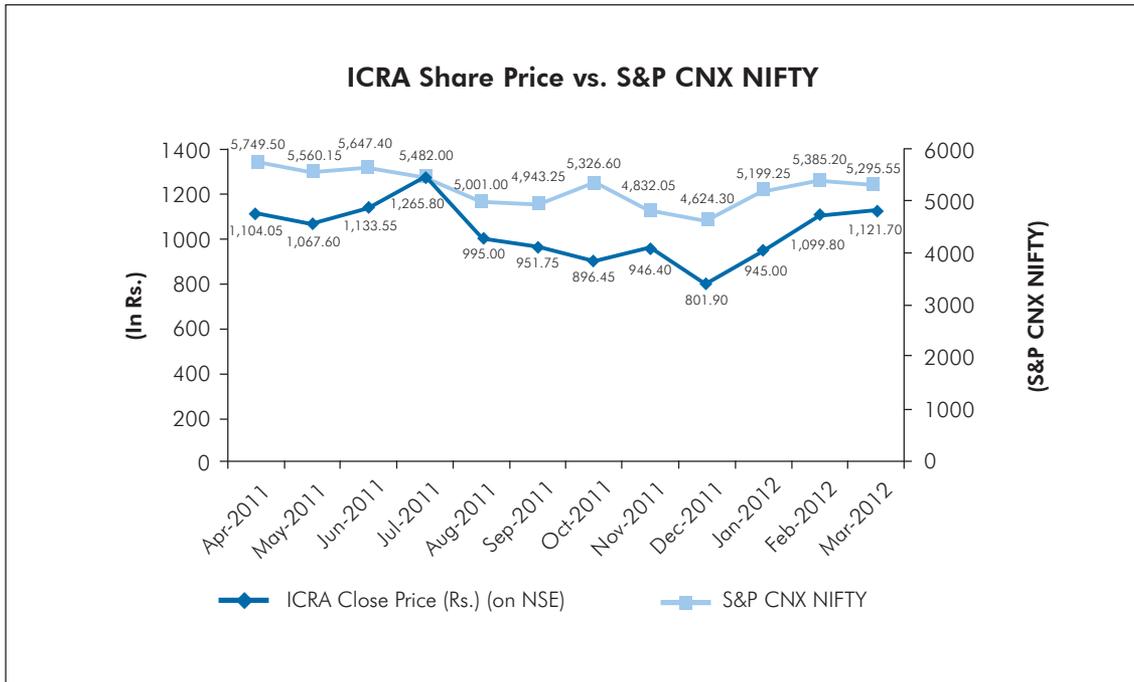
## Corporate Governance Report

### 16. Performance in Comparison with Broad-based Indices



Month	ICRA Close Price (Rs.) (on BSE)	BSE Sensex
April 2011	1,112.05	19,135.96
May 2011	1,077.05	18,503.28
June 2011	1,130.60	18,845.87
July 2011	1,263.20	18,197.20
August 2011	993.05	16,676.75
September 2011	943.85	16,453.76
October 2011	896.50	17,705.01
November 2011	946.40	16,123.46
December 2011	805.05	15,454.92
January 2012	944.55	17,193.55
February 2012	1,101.25	17,752.68
March 2012	1,120.70	17,404.20

## Corporate Governance Report



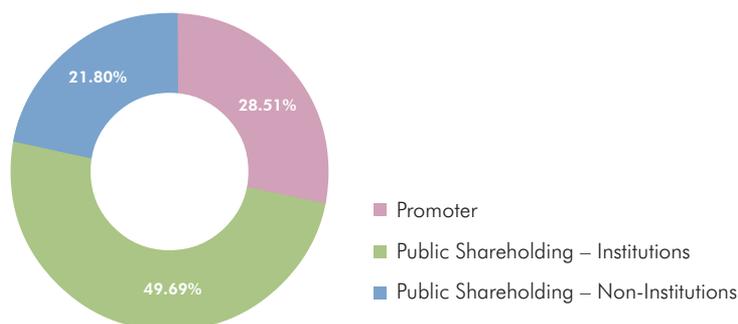
Month	ICRA Close Price (Rs.) (On NSE)	S&P CNX NIFTY
April 2011	1,104.05	5,749.50
May 2011	1,067.60	5,560.15
June 2011	1,133.55	5,647.40
July 2011	1,265.80	5,482.00
August 2011	995.00	5,001.00
September 2011	951.75	4,943.25
October 2011	896.45	5,326.60
November 2011	946.40	4,832.05
December 2011	801.90	4,624.30
January 2012	945.00	5,199.25
February 2012	1,099.80	5,385.20
March 2012	1,121.70	5,295.55

## Corporate Governance Report

### 17. Distribution of Shareholding as on March 31, 2012

No. of Equity Shares	No. of Shareholders	%	No. of Shares				%
			Physical	NSDL	CDSL	Total	
Up to 500	19038	97.60%	479	492865	138444	631788	6.32%
501 - 1000	197	1.01%		125880	24129	150009	1.50%
1001 - 2000	114	0.58%		144332	22766	167098	1.67%
2001 - 3000	34	0.17%		75567	10240	85807	0.86%
3001 - 4000	21	0.11%		62907	11508	74415	0.74%
4001 - 5000	16	0.08%		72115	5000	77115	0.77%
5001 - 10000	38	0.20%		260666	14920	275586	2.76%
10001 & Above	49	0.25%		7330486	1207696	8538182	85.38%
<b>Total</b>	<b>19507</b>	<b>100.00%</b>	<b>479</b>	<b>8564818</b>	<b>1434703</b>	<b>10000000</b>	<b>100.00%</b>

### 18. Shareholding Pattern as on March 31, 2012



Shareholding Pattern (As on March 31, 2012)	%
Promoter	28.51
Public Shareholding–Institutions	49.69
Public Shareholding–Non-Institutions	21.80
<b>Total</b>	<b>100.00</b>

#### Statement Showing Shareholding Pattern

Name of the Company : ICRA LIMITED

Scrip Code: BSE - 532835; NSE - ICRAEQ

Partly paid-up shares	No. of partly paid-up shares	As a % of total no. of partly paid-up shares	As a % of total no. of shares of the Company
Held by promoter/promoter group	NIL	NIL	NIL
Held by public	NIL	NIL	NIL
<b>Total</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
Outstanding convertible securities	No. of outstanding securities	As a % of total no. of outstanding convertible securities	As a % of total no. of shares of the Company, assuming full conversion of the convertible securities
Held by promoter/promoter group	NIL	NIL	NIL
Held by public	NIL	NIL	NIL
<b>Total</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
Warrants	No. of warrants	As a % of total no. of warrants	As a % of total no. of shares of the Company assuming full conversion of warrants
Held by promoter/promoter group	NIL	NIL	NIL
Held by public	NIL	NIL	NIL
<b>Total</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Total paid-up capital of the Company assuming full conversion of warrants and convertible securities</b>	10000000	NIL	NIL

## Corporate Governance Report

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Number of Shares held in Dematerialised Form	Total Shareholding as a Percentage of Total Number of Shares		Shares Pledged or otherwise Encumbered	
					As a percentage of (A+B) <sup>1</sup>	As a percentage of (A+B+C)	No. of Shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII)/(IV) * 100
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group<sup>2</sup></b>							
<b>1</b>	<b>Indian</b>							
(a)	Individuals/ Hindu Undivided Family	0	0	0	0.00	0.00	0	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	1	2,850,900	2,850,900	28.51	28.51	0	0.00
(d)	Financial Institutions/Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any Others(Specify)	0	0	0	0.00	0.00	0	0.00
	<b>Sub-Total(A)(1)</b>	<b>1</b>	<b>2,850,900</b>	<b>2,850,900</b>	<b>28.51</b>	<b>28.51</b>	<b>0</b>	<b>0.00</b>
<b>2</b>	<b>Foreign</b>							
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Any Others(Specify)	0	0	0	0.00	0.00	0	0.00
	<b>Sub-Total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1) + (A)(2)</b>	<b>1</b>	<b>2,850,900</b>	<b>2,850,900</b>	<b>28.51</b>	<b>28.51</b>	<b>0</b>	<b>0.00</b>
<b>(B)</b>	<b>Public Shareholding<sup>3</sup></b>							
<b>1</b>	<b>Institutions</b>							
(a)	Mutual Funds/ UTI	45	1,259,586	1,259,586	12.60	12.60	NA	NA
(b)	Financial Institutions/ Banks	14	2,516,443	2,516,443	25.16	25.16	NA	NA
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00	NA	NA
(d)	Venture Capital Funds	0	0	0	0.00	0.00	NA	NA
(e)	Insurance Companies	1	522,999	522,999	5.23	5.23	NA	NA
(f)	Foreign Institutional Investors	28	670,413	670,413	6.70	6.70	NA	NA
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	NA	NA
(h)	Any Other (specify)	0	0	0	0.00	0.00	NA	NA
	<b>Sub-Total (B)(1)</b>	<b>88</b>	<b>4,969,441</b>	<b>4,969,441</b>	<b>49.69</b>	<b>49.69</b>	<b>NA</b>	<b>NA</b>

## Corporate Governance Report

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Number of Shares held in Dematerialised Form	Total Shareholding as a Percentage of Total Number of Shares		Shares Pledged or otherwise Encumbered	
					As a percentage of (A+B) <sup>1</sup>	As a percentage of (A+B+C)	No. of Shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII)/(IV)* 100
<b>(B) 2</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	368	405,546	405,546	4.06	4.06	NA	NA
(b)	Individuals							
	i. Individual shareholders holding nominal share capital up to Rs 1 lakh.	18,660	1,064,707	1,064,228	10.65	10.65	NA	NA
	ii. Individual shareholders nominal share capital in excess of Rs. 1 lakh.	5	99,348	99,348	0.99	0.99	NA	NA
(c)	Any Other (Specify)							
(c-i)	Clearing Members	76	21,542	21,542	0.22	0.22	NA	NA
(c-ii)	Non-Resident Indians (Repat)	188	36,046	36,046	0.36	0.36	NA	NA
(c-iii)	Non-Resident Indians (Non Repat)	113	29,996	29,996	0.30	0.30	NA	NA
(c-iv)	Trusts	8	522,474	522,474	5.22	5.22	NA	NA
	<b>Sub-Total (B)(2)</b>	<b>19,418</b>	<b>2,179,659</b>	<b>2,179,180</b>	<b>21.80</b>	<b>21.80</b>	<b>NA</b>	<b>NA</b>
<b>(B)</b>	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>19,506</b>	<b>7,149,100</b>	<b>7,148,621</b>	<b>71.49</b>	<b>71.49</b>	<b>NA</b>	<b>NA</b>
	<b>TOTAL (A)+(B)</b>	<b>19,507</b>	<b>10,000,000</b>	<b>9,999,521</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>0.00</b>
<b>(C)</b>	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	NA	0.00	NA	NA
(i)	Promotor and Promotor Group	0	0	0	0.00	0.00	0.00	0.00
(ii)	Public	0	0	0	0.00	0.00	0.00	0.00
	<b>TOTAL (C) = C1+C2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>NA</b>	<b>0.00</b>	<b>NA</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>19,507</b>	<b>10,000,000</b>	<b>9,999,521</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>0.00</b>

<sup>1</sup> For determining public shareholding for the purpose of Clause 40A of the Listing Agreement.

<sup>2</sup> For definitions of "Promoter" and "Promoter Group", refer to Clause 40A of the Listing Agreement.

<sup>3</sup> For definition of "Public Shareholding", refer to Clause 40A of the Listing Agreement.

NA - Not Applicable

## Corporate Governance Report

### 19. Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Promoter and Promoter Group" as on March 31, 2012

Sr. No.	Name of the Shareholder	Details of Shares held		Encumbered shares (*)			Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of Shares held	As a % of grand total (A) + (B) + (C)	No.	As a percentage	As a % of grand total (A) + (B) + (C) of sub-clause (I)(a) (VII)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class (XI)	
(I)	(II)	(III)	(IV)	(V)	(VI) = (V)/(III) *100	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
1	Moody's Investment Company India Private Limited	2850900	28.51	0	0	0	0	0	0	0	0
	<b>TOTAL</b>	<b>2850900</b>	<b>28.51</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

(\*) The term "encumbrance" has the same meaning as assigned to it in regulation 28(3) of the SAST Regulations, 2011.

## Corporate Governance Report

### 20. Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Public" and holding more than 1% of the total number of shares as on March 31, 2012

Sr. No.	Name of the Shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t. total number of convertible securities of the same class	
1	State Bank of India	999900	9.99	0	0	0	0	0
2	Life Insurance Corporation of India	668741	6.69	0	0	0	0	0
3	Franklin Templeton Mutual Fund A/C Franklin India Prima Fund	539659	5.40	0	0	0	0	0
4	General Insurance Corporation of India	522999	5.23	0	0	0	0	0
5	ICRA Employees Welfare Trust	519271	5.19	0	0	0	0	0
6	Punjab National Bank	501646	5.02	0	0	0	0	0
7	Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life Tax Relief 96	490600	4.91	0	0	0	0	0
8	M3 Investment Private Limited	226916	2.27	0	0	0	0	0
9	ACACIA Partners, LP	167357	1.67	0	0	0	0	0
10	Central Bank of India	158419	1.58	0	0	0	0	0
11	ACACIA Institutional Partners, LP	135000	1.35	0	0	0	0	0
12	Reliance Capital Trustee Co. Ltd- A/C Reliance Small Cap Fund	129936	1.30	0	0	0	0	0
	<b>TOTAL</b>	<b>5060444</b>	<b>50.60</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Corporate Governance Report

### 21. Statement showing holding of securities (including shares, warrants, convertible securities) of persons (together with PAC) belonging to the category "Public" and holding more than 5% of the total number of shares of the Company as on March 31, 2012

Sr. No.	Name of the Shareholder(s) and the Persons Acting in Concert (PAC) with them	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t. total number of convertible securities of the same class	
1	State Bank of India	999900	9.99	0	0	0	0	0
2	Life Insurance Corporation of India	668741	6.69	0	0	0	0	0
3	Franklin Templeton Mutual Fund A/C Franklin India Prima Fund	539659	5.40	0	0	0	0	0
4	General Insurance Corporation of India	522999	5.23	0	0	0	0	0
5	ICRA Employees Welfare Trust	519271	5.19	0	0	0	0	0
6	Punjab National Bank	501646	5.02	0	0	0	0	0
	<b>TOTAL</b>	<b>3752216</b>	<b>37.52</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

On behalf of the Board of Directors

Place : New Delhi  
Date : May 11, 2012

(D. N. Ghosh)  
Chairman



## Auditors' Certificate on Corporate Governance

### To the Members of ICRA Limited

We have examined the compliance with conditions of Corporate Governance by ICRA Limited ("the Company") for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges concerned in India.

The compliance with conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. 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 and the representations made by the Directors and Management, we certify that the Company has complied with all 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 Vipin Aggarwal & Associates  
Chartered Accountants  
(Registration No. 014454N)

Place : New Delhi  
Date : May 11, 2012

(Vipin Aggarwal)  
Membership No. 016544

## Certificate by Chief Executive Officer and Chief Financial Officer (Pursuant to Clause No. 49(V) of the Listing Agreement)

We, Naresh Takkar, Managing Director & CEO, and Vijay Wadhwa, Chief Financial Officer, of ICRA Limited, certify that:-

- (a) We have reviewed financial statements and the cash flow statement for the year ending March 31, 2012 and that to the best of our knowledge and belief:-
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee that:
  - (i) there were no significant changes in internal control over financial reporting during the year;
  - (ii) there were no significant changes in the accounting policies during the year; and
  - (iii) there were no instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place : New Delhi  
Date : May 11, 2012

(Naresh Takkar)  
Managing Director & CEO

(Vijay Wadhwa)  
C.F.O. & Company Secretary



## Declaration Regarding Compliance by Board Members and Senior Management Personnel with Company's Code of Conduct **(Pursuant to Clause No. 49(I)(D)(ii) of the Listing Agreement)**

The Board of Directors of ICRA Limited adopted Code of Conduct to be followed by all Members of the Board and Senior Management Personnel of the Company respectively in compliance with the Clause 49 of the Listing Agreement with the Stock Exchanges where the shares of the Company are listed.

As provided under Clause No. 49(I)(D)(ii) of the Listing Agreement with the Stock Exchanges all Board Members and Senior Management Personnel have affirmed the compliance with the code of conduct for the year 2011-12.

Place : New Delhi  
Date : May 11, 2012

(Naresh Takkar)  
Managing Director & CEO

## Management Discussion and Analysis Report

(Annexure to the Directors' Report)

### A. Business and Industry Overview

The year under review saw the Indian economy facing several headwinds, including stubbornly high inflation rates, rising interest rates, a perceived governance deficit and global uncertainty, all of which contributed to weak business sentiments and moderation in the GDP growth rate, especially in the latter half of the year. While consumption demand held up reasonably well, private capital expenditure (capex), which was already showing signs of slowing down, dipped in 2011-12.

In line with the subdued investment activity, credit growth too was sluggish during most part of the year under review. The ratings business benefitted from the expansion in the coverage of bank loan ratings as well as bond issuances, many of them targeted at retail investors, by non-banking finance companies (NBFCs) and highly rated public sector undertakings (PSUs). The lack of a vibrant corporate bond market however continued to act as a constraint for long-term fund raising via bonds. The operationalisation of the credit-guarantee mechanism by India Infrastructure Finance Company Limited to improve the credit quality of bonds proposed to be issued by infrastructure sector entities was, however, a positive step in that it should encourage faster development of the bond market.

Looking ahead, the challenges in the operating environment are likely to persist, despite the current expectations of a moderation in the inflation rate and easing of the monetary cycle. Specifically, the high fiscal and current account deficits, pending policy decisions in several key sectors and the possibility of high inflationary pressures returning at the prompt of rising crude oil prices and/or adverse currency movements are among the several factors that could weigh heavy on the operating environment. As for the ratings business, while this would continue to benefit from the widening coverage of bank loans, the extent to which debt market issuances pick up would have to be watched. ICRA also expects foreign investors, insurance companies, mutual funds and pension funds to increase their participation in the debt markets. Further, financial sector reform measures like the introduction of credit default swaps by the Reserve Bank of India (RBI) are also expected to provide a fillip to the ratings business, going forward.

### B. Discussion on Financial Performance and Operations

The key features of the Company's financial performance for the year ended March 31, 2012 are presented in the accompanying financial statements, which have been prepared in accordance with the requirements of the Companies Act, 1956, the Generally Accepted Accounting Principles (GAAP), and the Accounting Standards prevailing in India. ICRA's Management accepts responsibility for the integrity and objectivity of these financial statements.

#### (1) Results of Operation

The Financial Performance of the Company is summarised as under:

<i>(in Rs. crore)</i>			
Particulars	For the Year ended on 31/03/2011	For the Year ended on 31/03/2012	Growth (%)
Operating Income (consisting of Rating Services, Grading Services and Information Services Income)	129.31	<b>139.36</b>	8%
Non-Operating Income	12.54	<b>19.74</b>	57%
<b>Total Income</b>	141.85	<b>159.10</b>	<b>12%</b>

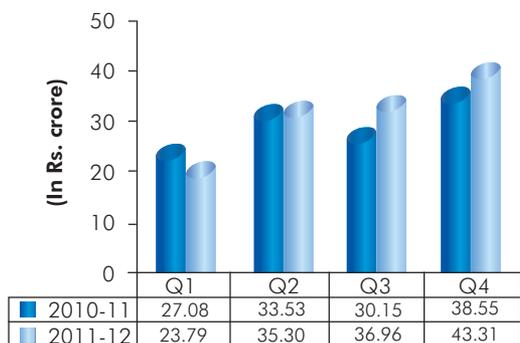
# Management Discussion and Analysis Report

## (Annexure to the Directors' Report)

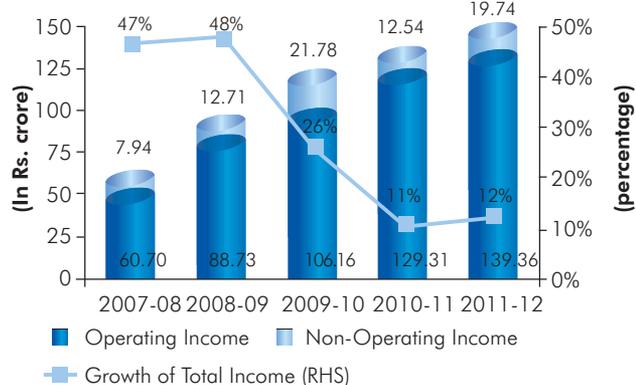
The increase in **Rating Services Income** during 2011-12 is attributable largely to the expansion of bank loan ratings, while revenues from corporate debt rating also increased during the year. Bank loan ratings accounted for 48% of the overall rating revenues for 2011-12. Besides rating of debt issuance and bank loans of existing issuers, the Company was also able to add new issuers/borrowers to its list of rating clients during the year under review.

### Trend in Financial Performance

#### Quarter-on-Quarter Operating Income

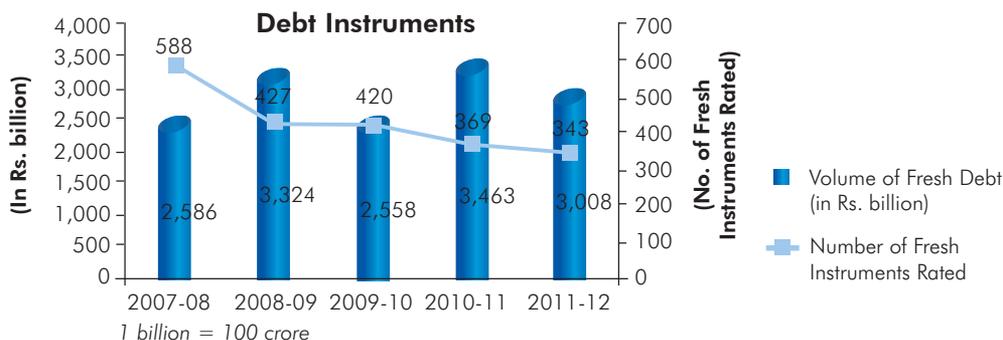


#### Year-on-Year Total Income



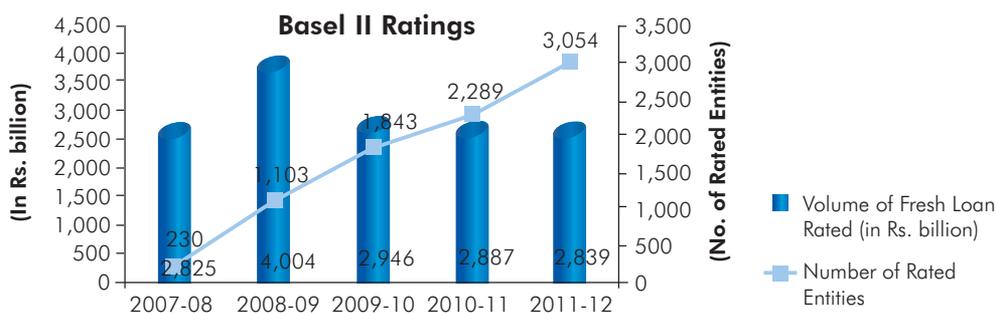
### Debt Instruments

The number of instruments and the volume of debt rated by the Company during the last five years are as under:



### Basel II Ratings

The number of rated entities and the volume of fresh loan rated by the Company as part of Basel II ratings during the last five years are as under:



With the coverage of bank loan ratings under Basel II increasing to include even smaller entities, the number of new entities rated by ICRA increased during 2011-12 even as the value of the fresh volume of bank loans rated declined marginally.

## Management Discussion and Analysis Report

(Annexure to the Directors' Report)

### Non-Operating Income

(in Rs. crore)

Particulars	2010-11	2011-12	Growth (%)
Interest	6.50	1.94	-70%
Dividend on Non-Trade Investments	2.69	2.11	-22%
Profit on Sale/Redemption of Investments (Net)	2.19	13.50	516%
Rental Income	1.01	1.00	-1%
Reversal of Diminution in Carrying Value of Investments	0.00	0.68	
Other Non-Operating Income	0.15	0.51	240%
<b>Total</b>	<b>12.54</b>	<b>19.74</b>	<b>57%</b>

**Interest Income** declined 70% during 2011-12 over the previous fiscal with the fixed deposits that had matured during the year being deployed in Fixed Maturity Plans of mutual funds.

**Dividend Income** declined 22% during 2011-12 over the previous fiscal following redemption of mutual fund units under Balanced Schemes. However, dividend from subsidiary companies increased during the year under review with the Company receiving Rs. 0.43 crore as dividend against equity shares in 2011-12 (nil in 2010-11) from ICRA Techno Analytics Limited, a wholly-owned subsidiary of the Company.

**Profit on Sale/Redemption of Investments** grew 516% during 2011-12 over the previous fiscal mainly because of the maturity proceeds received against Fixed Maturity Plans, besides higher redemption of mutual funds units under various schemes as compared with 2010-11.

**Rental Income** declined marginally during 2011-12 over the previous fiscal as ICRA Management Consulting Services Limited (IMaCS), a wholly-owned subsidiary of the Company, vacated the office premises at Hyderabad for which rental income was received during 2010-11.

**Diminution in Carrying Value of Investments** amounting to Rs. 0.68 crore was reversed during 2011-12 as the Company redeemed all mutual fund units under the Balanced Scheme for which provisions for diminution in the carrying value of investments had been made previously.

**Other Non-operating Income** increased 240% during 2011-12 over the previous fiscal mainly because of the reversal of excess provision made for expenses in 2010-11.

### (b) Expenses

(in Rs. crore)

Particulars	2010-11	2011-12	Growth (%)
Employee Benefit Expenses	49.55	60.57	22%
Administrative Expenses	6.26	7.02	12%
Depreciation and Amortisation Expenses	2.03	1.90	-6%
Other Expenses	15.20	13.88	-9%
<b>Total Expenses</b>	<b>73.04</b>	<b>83.37</b>	<b>14%</b>
<b>PBT</b>	<b>68.81</b>	<b>75.73</b>	10%
<b>Profit &amp; Loss Statement—Some Indicators (%)</b>			
<b>Total Revenue</b>	<b>141.85</b>	<b>159.10</b>	<b>12%</b>
PBT/Total Revenue	49%	48%	
Employee Benefit Expenses/Total Revenue	35%	38%	
Administrative Expenses/Total Revenue	4%	4%	
Depreciation and Amortisation Expenses/Total Revenue	1%	1%	
Other Expenses*/Total Revenue	11%	9%	
Total Expenses/Total Revenue	51%	52%	

PBT: Profit before Taxes

\*Other Expenses include Diminution in Carrying Value of Investments

## Management Discussion and Analysis Report

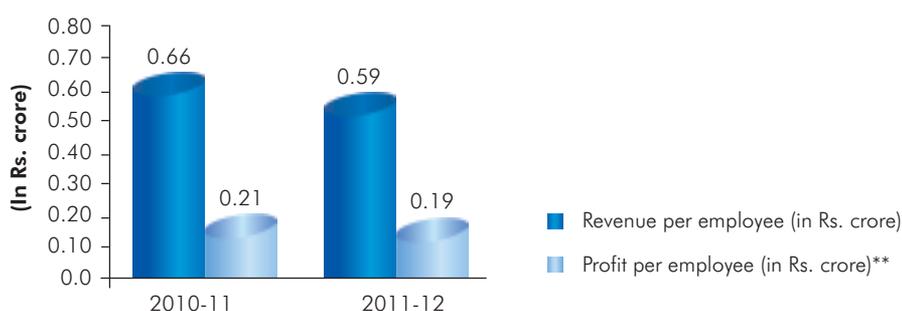
(Annexure to the Directors' Report)

**Employee Benefit Expenses** increased 22% during 2011-12 over the previous fiscal primarily because of the amortisation of Rs. 12.92 crore during 2011-12 (Rs. 7.51 crore during 2010-11) as "Deferred Employees Compensation" for the options granted to eligible employees in accordance with the applicable guidelines of the Securities and Exchange Board of India (SEBI) and the Guidance Note of The Institute of Chartered Accountants of India (ICAI). If the figures for the amortisation of Deferred Employees Compensation were excluded, the increase in Employees Benefit Expenses in 2011-12 over the previous fiscal would be 13%. Besides, the rise in Employees Benefit Expenses is also because of the increase in staff strength, annual increments, and promotions given to the existing members of staff during the year under review.

Employee Benefit Expenses as a percentage of total revenue increased to 38% during 2011-12, from 35% during 2010-11.

The revenues and profit per employee of the Company for the last two years are as under:

### Revenues and Profit per Employee



Particulars	2010-11	2011-12
Number of employees as at year end	216	<b>269</b>
Revenue per employee (in Rs. crore)	0.66	<b>0.59</b>
Profit per employee (in Rs. crore) **	0.21	<b>0.19</b>

\*\* Profit per employees is after impact of amortisation of Deferred Employees Compensation.

**Administrative Expenses** increased 12% during 2011-12 over the previous fiscal mainly because of the increase in Rent expenses for the additional office space taken on lease at Kolkata and Hyderabad. However, there was no change in the Administrative Expenses as a percentage of total revenue during the year under review as compared with the previous fiscal.

**Other Expenses** declined 9% during 2011-12 over the previous fiscal with the write-off of bad debts (net of provisions) falling 82% to Rs. 0.27 crore in 2011-12 from Rs. 1.48 crore during 2010-11 following recovery from some debtors against which provisions had been made in the previous years. Other Expenses as a percentage of total revenue came down to 9% during 2011-12 from 11% in 2010-11.

## Management Discussion and Analysis Report

(Annexure to the Directors' Report)

### (2) Fixed Assets

At the end of fiscal 2011-12, the fixed assets of the Company were as under:

(in Rs. crore)

Particulars	As on 31/03/2011	As on 31/03/2012	Growth (%)
Tangible Assets	31.50	<b>31.72</b>	1%
Intangible Assets	1.85	<b>1.49</b>	-19%
<b>Gross Value</b>	<b>33.35</b>	<b>33.21</b>	<b>0%</b>
Less: Accumulated Depreciation	(16.46)	<b>(17.20)</b>	4%
<b>Net Carrying Value</b>	<b>16.89</b>	<b>16.01</b>	<b>-5%</b>
Accumulated Depreciation as % of Gross Value	49%	<b>52%</b>	6%

The Company purchased assets for Rs. 1.13 crore and disposed of surplus idle assets for costing Rs. 1.27 crore during fiscal 2011-12.

### (3) Non-Current and Current Investments

(in Rs. crore)

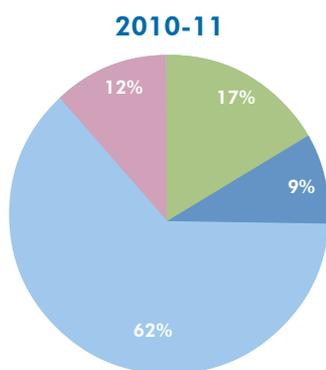
Particulars	As on 31/03/2011	% of Total	As on 31/03/2012	% of Total	Growth (%)
<b>Non-Current Investments:</b>					
<b>(A) Investments in Equity Instruments</b>					
In Equity Shares of Subsidiaries	39.50	17%	<b>42.38</b>	<b>15%</b>	7%
<b>(B) Investments in Preference Shares</b>					
In Preference Shares of Subsidiaries	0.49	-	<b>0.00</b>	<b>-</b>	-100%
<b>(C) Investments in Mutual Funds</b>					
In Balanced Mutual Funds	21.72	9%	<b>0.00</b>	<b>-</b>	-100%
In Fixed Maturity Plans	142.50	62%	<b>180.92</b>	<b>65%</b>	27%
In Debt and Other Plans	26.43	12%	<b>10.78</b>	<b>4%</b>	-59%
Diminution in Carrying Value of Investments	(0.68)	-	<b>0.00</b>	<b>-</b>	100%
(D) Net Investments in Mutual Funds	189.97	83%	<b>191.70</b>	<b>69%</b>	1%
(E) Total Non-Current Investments (A+B+D)	229.96	100%	<b>234.08</b>	<b>84%</b>	2%
<b>Current Investments:</b>					
<b>(F) Investments in Mutual Funds</b>					
In Liquid Schemes	0.00		<b>44.05</b>	<b>16%</b>	
(G) Total Current Investments	0.00		<b>44.05</b>	<b>16%</b>	
<b>Total Investments (E+G)</b>	229.96	100%	<b>278.13</b>	<b>100%</b>	21%

The Company deploys its internal accruals and surplus funds primarily in mutual funds and bank fixed deposits subject to the limit on investments in a single entity. The total investments of the Company increased during 2011-12 over the previous year because of the deployment of internal accruals and surplus funds.

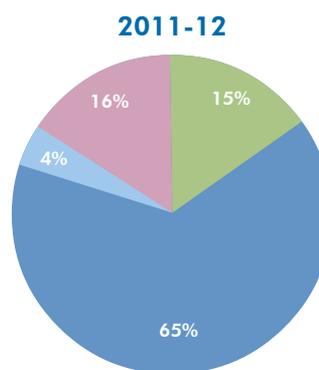
# Management Discussion and Analysis Report

(Annexure to the Directors' Report)

## Investment Profile



- Non-Current Investments-Equity and Preference Shares
- Non-Current Investments-Balanced Mutual Fund (Net of Provision for Diminution)
- Non-Current Investments-Fixed Maturity Plans of Mutual Funds
- Non-Current Investment-Other Plans of Mutual Funds



- Non-Current Investments-Equity Shares
- Non-Current Investments-Fixed Maturity Plans of Mutual Funds
- Non-Current Investment-Other Plans of Mutual Funds
- Current Investment-Liquid Schemes of Mutual Funds

## (4) Current Assets, Loans and Advances

(in Rs. crore)

Particulars	As on 31/03/2011	As on 31/03/2012	Growth (%)
<b>(a) Trade Receivables</b>			
• Total Receivables	14.26	<b>17.16</b>	20%
• Provision for Doubtful Trade Receivables	(1.59)	<b>(1.07)</b>	-33%
<b>Net Trade Receivables</b>	<b>12.67</b>	<b>16.09</b>	<b>27%</b>
Trade Receivables as % of Operating Income	10%	<b>12%</b>	
<b>(b) Cash and Cash Equivalent</b>	<b>24.67</b>	<b>20.85</b>	<b>-15%</b>
<b>(c) Other Current Assets</b>	<b>0.87</b>	<b>0.41</b>	<b>-53%</b>
<b>(d) Long-Term Loans and Advances</b>			
• Loan to ICRA Employees' Welfare Trust	16.02	<b>12.74</b>	-20%
• Others	2.84	<b>3.16</b>	11%
Total Long-Term Loans and Advances	18.86	<b>15.90</b>	-16%
Provision for Doubtful Long-Term Loans and Advances	(0.47)	<b>(0.47)</b>	0%
<b>Net Long-Term Loans and Advances</b>	<b>18.39</b>	<b>15.43</b>	<b>-16%</b>
<b>(e) Short-Term Loans and Advances</b>			
• Loans and Advances to Related Parties	0.45	<b>1.32</b>	193%
• Others	3.58	<b>5.73</b>	60%
Total Short-Term Loans and Advances	4.03	<b>7.05</b>	75%
Provision for Doubtful Short-Term Loans and Advances	(0.27)	<b>(0.23)</b>	-15%
<b>Net Short-Term Loans and Advances</b>	<b>3.76</b>	<b>6.82</b>	<b>81%</b>

## Management Discussion and Analysis Report

(Annexure to the Directors' Report)

**Trade Receivables** increased 27% during 2011-12 over the previous fiscal following growth in the operations of the Company. The Trade Receivables as a percentage of operating income increased from 10% during 2010-11 to 12% during 2011-12.

**Cash and Cash Equivalents** as on March 31, 2012 consisted of bank fixed deposits of Rs. 16.75 crore with maturity more than 12 months and of Rs. 2.66 crore with maturity less than 12 months. The most of these fixed deposits have been created with the surplus from the internal accruals of the Company.

**Long-Term Loans and Advances** declined during 2011-12 primarily because of loan repayment by ICRA Employees Welfare Trust to the Company on the exercise of stock options by some Optionees.

**Short-Term Loans and Advances** increased 81% during 2011-12 over the previous fiscal primarily due to Prepaid Taxes (net of provisions) stood at Rs. 1.41 crore as on March 31, 2012 as against Outstanding Taxes (net of paid taxes) stood at Rs. 2.14 crore as on March 31, 2011, besides an increase in loans and advances provided to Related Parties.

### (5) Non-Current Liabilities and Current Liabilities

**Other Current Liabilities** increased to Rs. 26.74 crore as on March 31, 2012 from Rs. 23.81 crore as on March 31, 2011. This is attributable mainly to the increase in unearned revenue.

**Long-Term and Short-Term Provisions** for employee benefits rose during 2011-12 over the previous fiscal primarily because of the increase in employee strength.

## C. Outlook

The long-term outlook for the ratings business remains positive in the opinion of the Management. However, in the short term, headwinds in the form of hardening interest rates and moderating investment activity may affect business growth. The Company continues to take initiatives to retain its competitive edge and is confident in meeting the challenges posed inevitably by changing business requirements.

## D. Opportunities and Threats

### Opportunities

Opportunities in the ratings business are a function of the interplay of several factors and developments, some of which arise from the initiatives taken by a rating agency and its strengths, while the others emanate from the environment that it operates in. Some of the environmental, or external, factors that ICRA sees as offering opportunities for growth of its business are the sustenance of economic growth, leading to increase in overall resource mobilisation in the economy; expansion of bank credit; continued implementation of Basel II norms; and mandatory grading of Initial Public Offers. In the longer run, opportunities are expected to arise from governmental initiative in developing the domestic debt market, and greater market penetration by players such as insurance companies and pension funds.



## Management Discussion and Analysis Report

(Annexure to the Directors' Report)

ICRA is well placed to exploit the opportunities arising from each of the factors stated, given its competitive strengths and strategic initiatives. We believe that our competitive strengths primarily include the rich database and research support for our products and services; our proven ability to make product and service innovations; the demonstrated track record of our ratings; our experienced and strong management team and pool of high-quality employee talent; and our close association with the Moody's Group, besides our technical services agreement with Moody's Investors Service.

These strengths apart, ICRA continues to undertake several initiatives that it believes will enable the Company take advantage of the forthcoming opportunities. Instances of such initiatives include our efforts to: expand our business by using our brand name, core competencies and strategic relationship with the Moody's Group; expand our service offerings; and continue to attract, train and retain employees.

### Threats

The threats confronting our business have their foundation in such risks and concerns as are discussed in the following section.

## E. Risks and Concerns

### (1) Business Risk

Changes in the volume of bank credit or debt securities issued in the domestic capital markets and any economic slowdown in India may have an adverse impact on our business and revenues, as our Company is engaged primarily in the business of providing rating services.

In India, banks and financial institutions dominate the financial markets. Continued reliance on bank credit by domestic borrowers could negatively impact issuance in the domestic debt market. Further, investors' preference in the domestic debt market is skewed towards higher-category ratings. This may continue to constrain the volume of issuance in the Indian debt market.

Currently, accessing overseas debt markets by certain Indian borrowers/issuers is regulated, and any change in the prevailing regulatory regime liberalising access to overseas markets for the raising of debt funds may adversely impact issuance of debt instruments in the domestic market.

Rating of bank loans is a growing business in India. This business is highly regulated. Changes in regulations or slowdown in bank credit could impact our revenues.

Our revenues and financial condition are linked primarily to our ability to render services in the domestic financial market. Our services such as credit ratings and mutual funds related services are dependent on the condition of the financial markets in India and abroad.

## Management Discussion and Analysis Report

(Annexure to the Directors' Report)

Any increase in interest rates and credit spreads, volatility in the corporate bonds market or the interest rate environment, foreign exchange fluctuations, defaults by significant issuers/borrowers, and other market and economic factors, both domestic and global, may negatively impact the issuance of credit-sensitive products and other financial services. A sustained period of volatility or a weakness or downturn in the financial markets domestically or internationally could have a materially adverse effect on our business and financial results.

Further, our market share or profitability may be affected by competition, which is getting increasingly intense. In the event that our competitors come up with newer products and services, better anticipate customer requirements using more sophisticated technology, and offer innovative solutions to our clients or offer more competitive prices, we may not be able to maintain our market share, which may adversely affect our results of operations and financial condition.

Additionally, our business is largely dependent on the recognition of our brand and our reputation. In this regard, prominent investment grade defaults or failure to assess the creditworthiness of instruments rated by us could negatively affect our brand recognition and reputation. This in turn may adversely affect our business, operations, and financial condition.

### Risk mitigation

- To mitigate business risks arising from changes in economic and market conditions and in regulations that influence the volume of debt issuance, the Company constantly monitors developments on these fronts and adjusts its business strategies accordingly.
- The Company evaluates itself periodically against its peers to mitigate competition-related risks. To prevent brand dilution, the Company remains focused on maintaining the robustness of its ratings while at the same time promoting brand ICRA through seminars, conferences and awards.

### (2) Liquidity Risk/Financial Risk

The extent of liquidity/financial risk is influenced by various factors such as maturity of liabilities and degree of reliance on secured sources of funding.

### Risk mitigation

- The Company has remained debt-free ever since it was incorporated, and has always sought to finance all its expansion and diversification plans with internal accruals.
- A sound liquidity position makes it possible for the Company to discharge all its payables within the stipulated time.

### (3) Investment Risk

The Company has made, and intends to continue making, investments in bonds, debentures, mutual funds, and other marketable securities, the returns on which would be impacted by changes in interest rates and volatility in the financial markets. Besides, the Company has made investments in subsidiaries, the return from which depend on their individual performance.



## Management Discussion and Analysis Report

(Annexure to the Directors' Report)

### Risk mitigation

- The Company has set up an investment committee, which periodically reviews the performance of its investment portfolio. Besides, investment advisors have been appointed to suggest investment strategies within the limits of the prudential norms advised by the Board of Directors.
- The Company makes a provision for diminution in the carrying value of investments if the diminution in the fair market value of any long-term investment is considered permanent, and regularly evaluates changes in the financial markets.

### (4) Legal and Statutory Risk

The Company complies with all the applicable laws, rules and regulations applicable. The Company makes business decisions on the basis of comprehensive advice provided both by its own officials and by acknowledged external specialists. Legal risks arise because of changes in regulations, accounting standards, tax laws, or the application of any of these.

### Risk mitigation

- The Company has put in place a comprehensive compliance framework to manage compliance-related issues. Detailed checklists are available with the Company Secretary and other compliance officers to ensure compliance with the legal requirements applicable.
- The Company Secretary and other compliance officers of the Company endeavour to keep themselves abreast of all amendments in various laws.
- The Company also makes provisions in the balance sheet when required and regularly evaluates the adequacy of such provisions for legal risks relating to past events.
- The Board of Directors is informed periodically about compliance with various laws and rules in force.
- A reconciliation of share capital audit is conducted by a practising company secretary every quarter to ensure compliance with the provisions of the listing agreement with the exchanges.

### (5) Operational Risk/Technology Related Risk

The Company has to rely on clients/third parties for the adequacy and accuracy of information (relating to such clients), which may not always be independently verifiable. While we do have a systematic feedback method using which we gather this information, even so, we have to depend largely on clients and third party sources to obtain information relating to them. We may also rely on representations as to the accuracy and adequacy of the information. Inadequacy or inaccuracy of information may expose us to the risk of assigning an inappropriate rating or grading. This may in turn affect our business, reputation and operations.

## Management Discussion and Analysis Report

### (Annexure to the Directors' Report)

With the complexity of our business increasing, sound information system controls are needed, and we have established these in our organisation. The risks involved here are of systems failures, loss of data, and other internal organisational risks.

#### **Risk mitigation**

- To mitigate such risks and thereby the losses arising from business disruptions because of electrical or telecommunications failure, the Company has established backup facilities.
- The security policies and effective functioning of all major systems are monitored regularly by the Systems Analyst, in coordination with the information technology coordination team.

#### **(6) Policy Risk**

Material changes in the regulations that govern us or our businesses could affect the results of our operations. Most of the revenues of the Company come from rating services, which are influenced by regulatory requirements. In the event that there are changes in the regulatory requirements of compulsory rating for certain instruments or for certain investors to invest in rated instruments, or there are such changes in regulations that negatively impact the level of issuance of debt instruments in the domestic market, there may be a decrease in the demand for rating. This in turn may affect our business, revenues and financial condition.

#### **(7) Political Risk**

Political instability could adversely affect general economic conditions in India, which in turn could impact our financial results and prospects, as could adverse changes in specific laws and policies pertaining to banking and finance companies, foreign investment and other matters affecting investment in securities. Additionally, any adverse change in the economic liberalisation policies—a major factor encouraging private participation in infrastructure—could have a significant impact on infrastructure development, business and economic conditions in India, and this in turn may affect our financial results and prospects.

#### **(8) Attrition Risk**

Our performance and success depend largely on our ability to nurture and retain the continued service of our management team and skilled personnel. We also face a continuing challenge to recruit and retain a sufficient number of suitably skilled persons, particularly as we continue to grow. There is significant competition for management and other skilled persons in the financial services industry. Further, our competitors and other financial services entities may offer better compensation and incentives. If we are unable to attract talented persons, experience high attrition or are unable to motivate our existing employees, our business and operations may be affected.



## Management Discussion and Analysis Report

(Annexure to the Directors' Report)

### Risk mitigation

- We are committed to providing the best possible work environment and facilities to employees at all levels. To attract, motivate and retain our valuable talent we have also implemented an Employee Stock Option Scheme, in which eligible employees of our Company and our subsidiaries can participate.
- We continually benchmark the compensation package we offer against those that the industry and competition offer. Our compensation package is so structured as to be stable while also providing incentives for continuous improvement in performance.

On behalf of the Board of Directors

Place : New Delhi  
Date : May 11, 2012

(D. N. Ghosh)  
Chairman

### **Forward-Looking Statements May Prove Inaccurate**

*This Annual Report contains certain forward-looking statements that may be identified by words, phrases, or expressions such as "expected", "will", "would", "continue", "intend to", "in future", or their variations. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed under "Risks and Concerns", which is a part of the "Management Discussion and Analysis Report". Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect Management's analysis only as of the date hereof. The Company assumes no obligation to publicly update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.*

## Frequently Asked Questions

### **Q Since when and on which Stock Exchanges are ICRA's Equity Shares listed?**

**A** ICRA's Equity Shares are listed on two Stock Exchanges with effect from April 13, 2007:

1. Bombay Stock Exchange Limited (BSE): [Scrip Code: 532835]  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001  
Tel: + 91-22-22721233/4; Fax: + 91-22-22721919
2. National Stock Exchange of India Limited (NSE): [Symbol: ICRA]  
Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051  
Tel: +91 22 26598100 – 8114; Fax: +91 22 2659 8120

### **Q What is ICRA's Share Capital?**

**A** ICRA's Authorised Share Capital is Rs. 15 crore. The Issued, Subscribed and Paid-up Equity Share Capital of the Company as on March 31, 2012 was Rs. 10 crore, consisting of 1,00,00,000 Equity Shares of Rs.10/- each.

### **Q When does ICRA's financial year end?**

**A** ICRA's financial year ends on March 31.

### **Q How much dividend has ICRA paid during the last three financial years?**

**A** For the financial year 2010-11, a Dividend of 170%  
For the financial year 2009-10, a Dividend of 170%  
For the financial year 2008-09, a Dividend of 70% and a Special Dividend of 50%

### **Q How can a shareholder get dividend, if not yet received?**

**A** The shareholder concerned may write to our Registrar and Share Transfer Agent, M/s. Link Intime India Private Limited, or our Compliance Officer, Mr. Vijay Wadhwa, at the relevant address as mentioned below, quoting her/his folio number in the case of physical shares and the client ID and DP ID particulars in the case of dematerialised shares. We will check our records and issue a duplicate dividend warrant if the dividend has remained unpaid according to the records of the Company.

### **Q What is National Electronic Clearing Service (NECS)?**

**A** NECS refers to the National Electronic Clearing Service (NECS) introduced by the Reserve Bank of India (RBI) in September, 2008 with a view to facilitate centralised processing for periodic and bulk payments. NECS is an advance version of Electronic Clearing Service (ECS) transactions. NECS essentially operates on the new and unique bank account number, allotted by the banks post implementation of Core Banking Solutions (CBS) for centralised processing of inward instructions and efficiency in handling bulk transactions.

### **Q How can Shareholders avail themselves of the National Electronic Clearing Service (NECS) facility?**

**A** Shareholders who wish to avail the NECS facility are required to submit NECS Mandate Form (available on our website [www.icra.in](http://www.icra.in)) duly completed along with a photocopy of a cheque (as advised in the Form) with their respective DPs (for shares held in the electronic form) and with the Registrar and Share Transfer Agent, M/s. Link Intime India Private Limited (for shares held in the physical form). Our Registrar and Share Transfer Agent will take due note of same for payment of dividend through NECS. All subsequent dividends will also be paid to them through direct credit to their designated bank account.



## Frequently Asked Questions

### **Q Where is ICRA's Registered Office located?**

**A** Address of ICRA's Registered Office and its contact details are as follows:

ICRA Limited

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110 001, India

Tel: +91 11 2335 7940-50; Fax: +91 11 2335 7014; Website: www.icra.in

### **Q Who should be contacted for any information or assistance on share related matters including dematerialisation/rematerialisation, transfer/transmission of shares, subdivision or consolidation of shares, issue of duplicate share certificates, and unclaimed/non-receipt of dividend?**

**A** Please contact our Registrar and Share Transfer Agent:

M/s. Link Intime India Private Limited

(Formerly M/s. Intime Spectrum Registry Limited)

A-40, 2<sup>nd</sup> Floor, Naraina Industrial Area, Phase II, Near Batra Banquet Hall, New Delhi 110 028

Email: delhi@linkintime.co.in; Tel: +91 11 4141 0592/93/94; Fax: +91 11 4141 0591

Or, ICRA's Compliance Officer:

Mr. Vijay Wadhwa

C.F.O. & Company Secretary

Building No. 8, 2<sup>nd</sup> Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122 002, Haryana

Email: investors@icraindia.com; Tel: + 91 124 4545 300; Fax: + 91 124 4050 424

### **Q How can one convert physical holding into electronic holding, that is, how can one dematerialise shares?**

**A** In order to dematerialise physical securities one has to fill in a DRF (Demat Request Form) which is available with the DP and submit the same along with physical certificates that are to be dematerialised. Separate DRF has to be filled for each ISIN (International Securities Identification Number). The complete process of dematerialisation is outlined below:

- Surrender certificates for dematerialisation to your DP.
- DP intimates to the Depository regarding the request through the system.
- DP submits the certificates to the registrar of the Issuer Company.
- Registrar confirms the dematerialisation request from depository.
- After dematerialising the certificates, Registrar updates accounts and informs depository regarding completion of dematerialisation.
- Depository updates its accounts and informs the DP.
- DP updates the demat account of the investor.

### **Q Can electronic holdings be converted back into physical certificates?**

**A** Yes. The process is called rematerialisation. If one wishes to get back her/his securities in the physical form s/he has to fill in the RRF (Remat Request Form) and request her/his DP for rematerialisation of the balances in her/his securities account. The process of rematerialisation is outlined below:

- Investor makes a request for rematerialisation
- Depository participant intimates depository regarding the request through the system
- Depository confirms rematerialisation request to the registrar
- Registrar updates accounts and prints certificates
- Depository updates accounts and downloads details to the depository participant
- Registrar dispatches certificates to the investor.

## Frequently Asked Questions

**Q What is the procedure for transfer of physical shares in favour of the transferee?**

**A** The Transferee needs to send the share certificate(s) along with the share transfer deed in the prescribed form 7B, duly filled in, executed and affixed with share transfer stamps, to the Company's Registrar and Share Transfer Agent. It takes about 10 days for the Company's Registrar and Share Transfer Agent to process the transfer, although the statutory time limit fixed for completing a transfer is one month under the Listing Agreement, and two months under the Companies Act, 1956.

**Q Is submission of Permanent Account Number (PAN) mandatory for the transfer of physical shares?**

**A** The Securities and Exchange Board of India through its Circular of May 20, 2009 has clarified that for securities market transactions and off-market/private transactions involving transfer of physical shares of listed companies, it shall be mandatory for the transferee(s) to furnish a copy of the PAN card to the Company/RTAs for registration of such transfer of shares.

**Q What is the procedure for splitting a share certificate into smaller lots?**

**A** Shareholders may write to the Company's Registrar and Share Transfer Agent enclosing the relevant share certificate for splitting into smaller lots. The share certificates, after splitting, will be sent by the Company's Registrar and Share Transfer Agent to the Shareholders at their registered address.

**Q What is the procedure for getting share certificates issued in various denominations consolidated into a single certificate?**

**A** Shareholders having certificates in various denominations under the same folio should send all the certificates to the Company's Registrar and Share Transfer Agent for consolidation of all the shares into a single certificate. If the shares are not under the same folio but have the same order of names, the Shareholder should write to the Company's Registrar and Share Transfer Agent for consolidation of folios. This will help the Shareholders efficiently monitor the holding and the corporate benefits receivable thereon. Consolidation of share certificates helps in saving costs in the event that the shares are dematerialised and also provides convenience in case the shares are continued to be held physically.

**Q Who should be contacted for complaints?**

**A** Our Registrar and Share Transfer Agent, M/s. Link Intime India Private Limited, or our Compliance Officer, Mr. Vijay Wadhwa, at the relevant address as mentioned above.

**Q Who should be contacted for queries relating to ICRA's Public Offer through Offer for Sale of Equity Shares?**

**A** Our Compliance Officer, Mr. Vijay Wadhwa, at the relevant address as mentioned earlier.

**Q If the shares are dematerialised, what is the procedure for change of address?**

**A** Since the records of your dematerialised shares are maintained by your Depository Participant (DP), you have to inform your DP of any change in your address. Your DP will pass on this information to the Registrar whenever any action like despatch of Annual Reports or payment of dividend is due to be taken by the Registrar. **Shareholders are advised to update their address and Bank Account details with their respective depository participants so that in future Dividend Warrants, the Annual Report etc. are delivered to their latest address and the dividend amount is directly credited to their Bank Account.**



## Frequently Asked Questions

**Q If the shares are held in the physical form, what is the procedure for change of address?**

**A** Please send a written request along with a certified photocopy of any two of the following documents: electricity bill, telephone bill, gas bill, bank pass book, passport, voter identity card, and driving licence. The request letter should be signed by the first shareholder or by all joint-holders stating the new address along with the PIN Code, and should be sent to the Registrar or ICRA (addresses mentioned earlier). Please quote your Folio number also.

**Q Can there be multiple addresses for a single Folio?**

**A** No, there can be only one registered address for one Folio.

**Q Can joint-holders request a change of address?**

**A** No, the letter of request will need to have the signature of the first Shareholder or of all Shareholders.

## Financial Highlights of ICRA Limited

(Rs. in lakh)											
	Particulars	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
1	Operating Income	3,087.62	3,286.08	3,715.22	3,321.28	3,978.99	6,069.53	8,872.80	10,616.39	12,930.51	<b>13,936.08</b>
2	Non-Operating Income	567.78	713.67	417.29	539.47	697.94	793.73	1,270.78	2,177.99	1,254.26	<b>1,973.77</b>
3	Total Income	3,655.40	3,999.75	4,132.51	3,860.75	4,676.93	6,863.26	10,143.58	12,794.38	14,184.77	<b>15,909.85</b>
4	PBDIT	1,495.44	1,620.50	1,269.65	1,891.32	2,387.67	3,967.27	5,443.74	7,606.80	7,083.74	<b>7,762.39</b>
5	Depreciation	(143.35)	(137.36)	(142.51)	(152.26)	(160.02)	(181.40)	(177.55)	(195.56)	(203.23)	<b>(189.64)</b>
6	Interest	-	-	-	-	(4.51)	-	-	-	-	-
7	Prior Period Adjustments (See Note)	-	-	-	-	-	(0.50)	(0.24)	-	-	-
8	Profit Before Tax	1,352.09	1,483.14	1,127.14	1,739.06	2,223.14	3,785.37	5,265.95	7,411.24	6,880.51	<b>7,572.75</b>
9	Tax Provision	(365.73)	(377.17)	(317.26)	(473.96)	(613.13)	(1,119.51)	(1,650.85)	(2,410.87)	(2,389.15)	<b>(2,482.77)</b>
10	Profit After Tax	986.36	1,105.97	809.88	1,265.10	1,610.01	2,665.86	3,615.10	5,000.37	4,491.36	<b>5,089.98</b>
11	Prior Period Adjustments (See Note)	(0.31)	(6.13)	3.71	(36.94)	(0.06)	-	-	-	-	-
12	Equity Share Capital	880.51	880.51	880.51	880.51	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	<b>1,000.00</b>
13	Securities Premium	2,687.55	2,687.55	2,687.55	2,687.55	6,511.23	6,511.23	6,511.23	6,511.23	6,511.23	<b>6,939.37</b>
14	Net Worth	7,341.03	7,945.65	8,409.29	9,237.29	14,232.02	15,730.09	17,941.25	20,959.74	24,234.13	<b>28,291.65</b>
15	Dividend (%)	30%	50%	35%	40%	45%	100%	120%	170%	170%	<b>200%</b>
16	Earnings Per Share (Rs.)	11.20	12.56	9.20	14.37	18.23	26.66	36.15	50.00	44.91	<b>50.90</b>
17	Book Value Per Share (Rs.)	83.37	90.24	95.50	104.91	142.32	157.30	179.41	209.60	242.34	<b>282.92</b>

Note: Prior Period Adjustments up to the financial year 2006-07 are reflected below "Profit After Tax", and with effect from the financial year 2007-08 the same are reflected above "Profit After Tax".

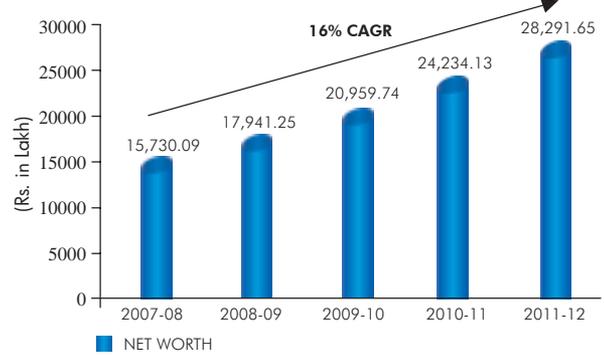


## ICRA: Selective Data/Ratio Analysis

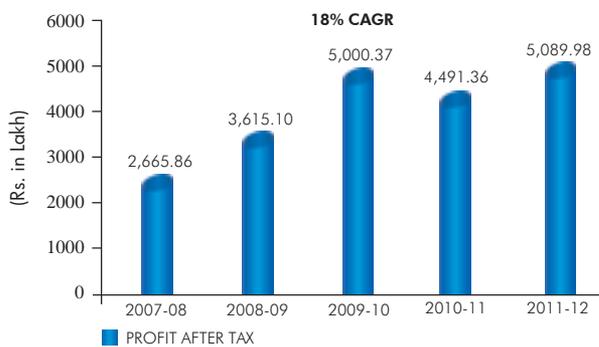
### Trend in Operating Income



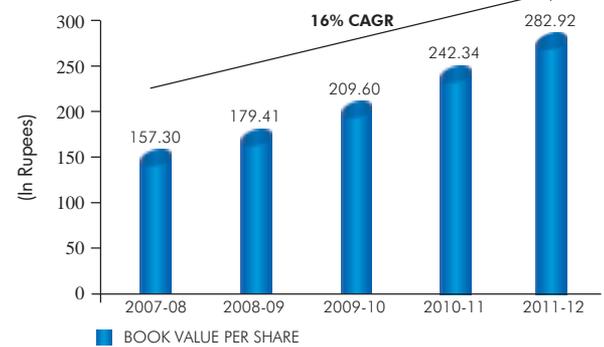
### Trend in Net Worth



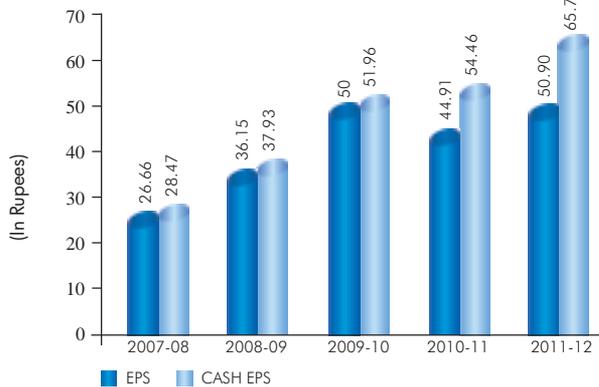
### Trend in Profit after Tax



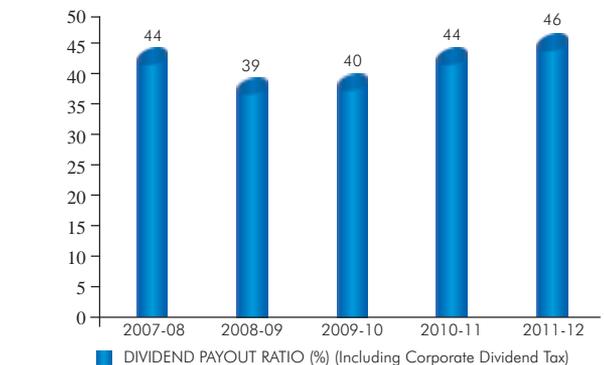
### Trend in Book Value per Share



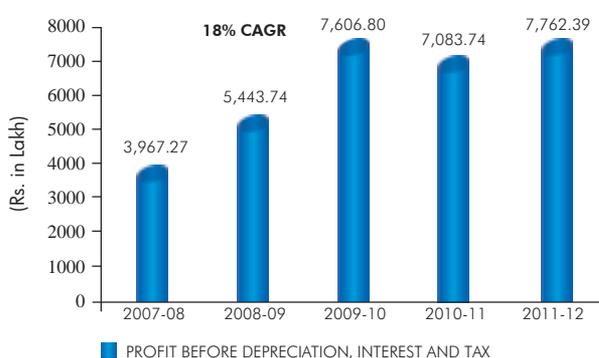
### Trend in EPS and Cash EPS



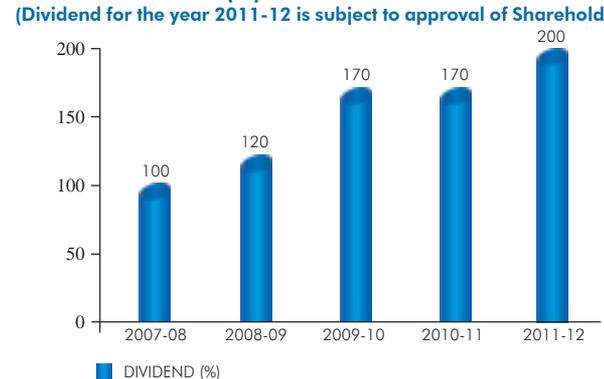
### Trend in Dividend Payout Ratio (%) (Including Corporate Dividend Tax)



### Trend in Profit before Depreciation, Interest and Tax



### Trend in Dividend (%) (Dividend for the year 2011-12 is subject to approval of Shareholders)



## Auditors' Report

To  
The Members of  
**M/s. ICRA Limited**

1. We have audited the attached Balance Sheet of **ICRA Limited** as at March 31, 2012 and also the Profit and Loss Statement and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statements' presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies, (Auditor's Report) Order, 2003 issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, 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 purposes 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, Profit and Loss Statement and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the Directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;



## Auditors' Report

- (f) In our opinion and to the best of our information and according to the explanations given to us, the Accounts read with significant Accounting Policies and Notes to Accounts, give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012; and
  - (ii) In the case of the Profit and Loss Statement, of the profit of the Company for the year ended on that date.
  - (iii) In the case of the Cash Flow Statement, of the cash flow of the Company for the year ended on that date.

**For Vipin Aggarwal & Associates  
Chartered Accountants  
(Registration No. 014454N)**

**Place : New Delhi  
Dated: May 11, 2012**

**(Vipin Aggarwal)  
(Partner)  
Membership No. 016544**

## Annexure to the Auditors' Report

### Re: ICRA Limited

Annexure referred to in paragraph 3 of our report of even date:

As required by the Companies (Auditor's Report) Order, 2003 and according to information and explanations given to us during the course of the audit and on the basis of such checks we considered appropriate, we report that:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and the situation of fixed assets.
  - (b) These assets have been physically verified by the management periodically at reasonable intervals, which in our opinion is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such verification.
  - (c) In our opinion, the Company has not disposed of a substantial part of its fixed assets during the year, and thus the going concern status of the Company is not affected.
2. Since the Company does not have any inventories, Clause (ii) of paragraph 4 of the said Order is not applicable.
3. The Company during the year has neither granted nor taken any loans, secured or unsecured, to and from companies, firms or other parties listed in the Register, maintained under section 301 of the Companies Act, 1956. As the company has not granted/taken any loans, clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the said Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to fixed assets and for invoicing of the services. During the course of our audit, no major weakness has been noticed in the internal controls.
- 5 (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been recorded in the register.
  - (b) In our opinion and according to the information and explanation given to us, the transactions exceeding rupees five lakh in respect of any party during the year, have been made at prices that are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits during the year from the public within the meaning of the provisions of section 58A and 58 AA or any other relevant provisions of the Companies Act, 1956. Hence, clause (vi) of the Order is not applicable.



## Annexure to the Auditors' Report

7. In our opinion, the Company has adequate internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed maintenance of any cost records under section 209(1) (d) of the Companies Act, 1956. Hence, Clause no. (viii) of the said Order is not applicable.
9. (a) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues with the appropriate authorities.  
(b) In our opinion and according to the information and explanations given to us and the records of the Company verified by us, there are no undisputed amounts payable in respect of such statutory dues that have remained outstanding, as at March 31, 2012, for a period exceeding six months from the date they became payable.
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. According to the information given to us and as per the books and records examined by us, the Company has not taken any loans during the year. Therefore, there is no default in repayment of dues to any financial institution or bank or debenture holders.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
13. The provisions of any Special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Societies are not applicable to the Company.
14. According to the information and explanations given to us, the Company has maintained proper records of the transactions and contracts in respect of investing in shares and units of Mutual Funds, and timely entries have been made therein. All the investments have been held by the Company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
16. The Company has not taken any term loans during the year under audit.
17. The Company has not raised any funds on short-term basis and clause (xvii) of the said Order is not applicable.

## Annexure to the Auditors' Report

18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. Since no debentures have been issued by the Company, the requirements of para 4 (xix) are not applicable to the Company.
20. The Company has not raised any money by way of public issue during the year.
21. On the basis of our examination and according to the information and explanations given to us, no fraud, in or by the Company, has been noticed or reported during the year.

For Vipin Aggarwal & Associates  
Chartered Accountants  
(Registration No. 014454N)

Place : New Delhi  
Dated : May 11, 2012

(Vipin Aggarwal)  
(Partner)  
Membership No. 016544

## Balance Sheet

### Balance Sheet as at March 31, 2012

(Rupees in lakh)

Particulars	Note No.	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	(1)	1,000.00	1,000.00
(b) Reserves and surplus	(2)	27,291.65	23,234.13
<b>2 Non-Current liabilities</b>			
(a) Long-term liabilities	(3)	37.34	35.00
(b) Long-term provisions		485.06	426.83
<b>3 Current liabilities</b>			
(a) Trade payables	(4)	68.47	66.39
(b) Other current liabilities		2,674.29	2,380.80
(c) Short-term provisions		3,900.17	3,709.74
Total		<b>35,456.98</b>	30,852.89
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed Assets	(5)		
(i) Tangible assets		1,559.26	1,630.56
(ii) Intangible assets		41.40	58.91
(b) Non-current investments	(6)	23,408.88	22,995.71
(c) Deferred tax assets (net)		81.08	131.51
(d) Long-term loans and advances	(7)	1,543.41	1,839.40
<b>2 Current assets</b>			
(a) Current investments	(8)	4,405.00	0.00
(b) Trade receivables	(9)	1,608.92	1,267.43
(c) Cash and cash equivalents	(10)	2,085.48	2,466.61
(d) Short-term loans and advances	(11)	682.46	376.13
(e) Other current assets	(12)	41.09	86.63
Total		<b>35,456.98</b>	30,852.89

### See accompanying notes to the financial statements

As per our report of even date attached  
for VIPIN AGGARWAL & ASSOCIATES  
Chartered Accountants  
(Registration No. 014454N)

(VIPIN AGGARWAL)  
PARTNER  
MEMBERSHIP NO. : 016544

Place : New Delhi  
Dated : May 11, 2012

For and on behalf of the Board

(NARESH TAKKAR)  
MANAGING DIRECTOR & C.E.O.

(P.K. CHOUDHURY)  
VICE-CHAIRMAN & GROUP C.E.O.

(VIJAY WADHWA)  
C.F.O. & CO. SECRETARY

## Statement of Profit and Loss

<b>Statement of Profit and Loss for the year 2011-12</b>			
<i>(Rupees in lakh)</i>			
Particulars	Note No.	2011-12 Rs.	2010-11 Rs.
<b>I. Revenue from operations</b>	(13)	<b>13,936.08</b>	12,930.51
<b>II. Other income</b>	(14)	<b>1,973.77</b>	1,254.26
<b>III. Total revenue</b>		<b>15,909.85</b>	14,184.77
<b>IV. Expenses</b>			
Employee benefits	(15)	<b>6,057.38</b>	4,954.92
Depreciation and amortisation	(5)	<b>189.64</b>	203.23
Other expenses	(16)	<b>2,090.08</b>	2,146.11
Total expenses		<b>8,337.10</b>	7,304.26
<b>V. Profit before tax</b>		<b>7,572.75</b>	6,880.51
<b>VI. Tax expense:</b>			
(1) Current tax		<b>(2,432.34)</b>	(2,467.17)
(2) Deferred tax		<b>(50.43)</b>	78.02
<b>VII. Profit (Loss) for the period</b>		<b>5,089.98</b>	4,491.36
<b>VIII. Earnings per equity share:</b>			
Basic earnings per share (Rs.) (face value Rs. 10 per share)		<b>50.90</b>	44.91
Diluted earnings per share (Rs.) (face value Rs. 10 per share)		<b>50.90</b>	44.91

### See accompanying notes to the financial statements

As per our report of even date attached  
for VIPIN AGGARWAL & ASSOCIATES  
Chartered Accountants  
(Registration No. 014454N)

(VIPIN AGGARWAL)  
PARTNER  
MEMBERSHIP NO.: 016544

Place : New Delhi  
Dated : May 11, 2012

For and on behalf of the Board

(NARESH TAKKAR)  
MANAGING DIRECTOR & C.E.O.

(P.K. CHOUDHURY)  
VICE-CHAIRMAN & GROUP C.E.O.

(VIJAY WADHWA)  
C.F.O. & CO. SECRETARY



## Notes forming part of the Financial Statements

(Rupees in lakh)

Particulars	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
<b>1. SHARE CAPITAL</b>		
AUTHORISED 15,000,000 (previous year 15,000,000) equity shares of Rs. 10/- each	1,500.00	1,500.00
ISSUED, SUBSCRIBED AND FULLY PAID UP 10,000,000 (previous year 10,000,000) equity shares of Rs. 10/- each fully paid up (Of the above, 9,06,000 shares of Rs. 10 each have been issued to the Employees Welfare Trust pursuant to an Employees Stock Options Scheme)	1,000.00	1,000.00
<b>(A) Reconciliation of number of shares</b>		
<b>Equity Shares</b>		
Opening balance (no. of shares)	10,000,000	10,000,000
Changes during the year (no. of shares)	0	0
Closing balance (no. of shares)	10,000,000	10,000,000
<b>(B) Rights, preferences and restrictions attached to shares</b>		
<b>Equity Shares</b>		
The Company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. 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, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.		
<b>(C) Shares held by holding company/ultimate holding company/by subsidiaries or associates of the holding company/ultimate holding company</b>	<b>0</b>	<b>0</b>
<b>(D) Shares held by each shareholder holding more than 5 per cent shares</b>		
<b>Name of the Shareholder</b>	<b>No. of Shares</b>	
	<b>As at March 31, 2012</b>	
	(As at March 31, 2011)	
i) Moody's Investment Company India Private Limited	2,850,900 (2,850,900)	285.09 28.509%
ii) State Bank of India	999,900 (999,900)	99.99 9.999%
iii) Life Insurance Corporation of India	668,741 (668,086)	66.87 6.687%
iv) Franklin Templeton Mutual Fund A/c Franklin India Prima Fund	539,659 (25,000)	53.97 5.397%
v) General Insurance Corporation of India	522,999 (522,999)	52.30 5.230%
vi) ICRA Employees Welfare Trust	519,271 (587,534)	51.93 5.193%
vii) Punjab National Bank	501,646 (501,646)	50.16 5.016%
<b>(E) For the period of five years (i.e. March 31, 2008 to March 31, 2012) immediately preceding the date as at which the Balance Sheet is prepared</b>		
i) Aggregate number of and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash	0	0
ii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares	0	0
iii) Aggregate number and class of shares bought back	0	0

<b>(Rupees in lakh)</b>		
<b>Particulars</b>	<b>As at March 31, 2012 Rs.</b>	<b>As at March 31, 2011 Rs.</b>
<b>2. RESERVES AND SURPLUS</b>		
a) Securities Premium Account		
- Opening balance	<b>6,511.23</b>	6,511.23
- Add: Received during the year	<b>428.14</b>	0.00
	<b>6,939.37</b>	6,511.23
b) General Reserve		
- Opening balance	<b>8,339.58</b>	7,889.58
- Add: Transferred from statement of profit and loss	<b>509.00</b>	450.00
	<b>8,848.58</b>	8,339.58
c) Employees Stock Options Outstanding		
- Opening balance	<b>2,951.53</b>	0.00
- Options granted during the year	<b>0.00</b>	2,980.74
- Options exercised during the year	<b>(428.14)</b>	0.00
- Options lapsed during the year	<b>(173.86)</b>	(29.21)
	<b>2,349.53</b>	2,951.53
Less: Deferred Employees Compensation		
- Opening balance	<b>(2,200.23)</b>	0.00
- Options granted during the year	<b>0.00</b>	(2,980.74)
- Options lapsed during the year	<b>173.86</b>	29.21
- Amortisation of deferred employees compensation	<b>1,291.99</b>	751.30
	<b>(734.38)</b>	(2,200.23)
	<b>1,615.15</b>	751.30
d) Surplus		
- Opening balance	<b>7,632.02</b>	5,558.93
- Transferred from statement of profit and loss	<b>5,089.98</b>	4,491.36
- Proposed dividend	<b>(2,000.00)</b>	(1,700.00)
- Corporate tax on proposed dividend	<b>(324.45)</b>	(268.27)
- Transferred to general reserve	<b>(509.00)</b>	(450.00)
	<b>9,888.55</b>	7,632.02
	<b>27,291.65</b>	23,234.13
<b>3. Non-current liabilities</b>		
<b>(a) Long-term liabilities</b>		
Other than trade payables	<b>37.34</b>	35.00
	<b>37.34</b>	35.00
<b>(b) Long-term provisions</b>		
Provision for employees benefits	<b>459.41</b>	401.98
Others	<b>25.65</b>	24.85
	<b>485.06</b>	426.83



<b>(Rupees in lakh)</b>		
<b>Particulars</b>	<b>As at March 31, 2012 Rs.</b>	<b>As at March 31, 2011 Rs.</b>
<b>4 Current liabilities</b>		
<b>(a) Trade payables</b>	<b>68.47</b>	66.39
<b>(b) Other current liabilities</b>		
Advance received from clients	<b>894.21</b>	921.42
Loans and advances from related parties	<b>5.52</b>	39.26
Unearned revenue	<b>1,510.34</b>	1,197.03
Unpaid dividend	<b>5.89</b>	4.96
Refund due to public offer applicants	<b>0.45</b>	0.45
Statutory dues	<b>138.59</b>	109.80
Other liabilities	<b>119.29</b>	107.88
	<b>2,674.29</b>	2,380.80
<b>(c) Short-term provisions</b>		
Provision for income tax (net of prepaid taxes)	<b>0.00</b>	213.89
Provision for wealth tax	<b>0.24</b>	0.61
Proposed dividend	<b>2,000.00</b>	1,700.00
Provision for corporate tax on proposed dividend	<b>324.45</b>	268.27
Provision for employees benefits	<b>1,533.97</b>	1,506.81
Others	<b>41.51</b>	20.16
	<b>3,900.17</b>	3,709.74

## Non-current assets

### 5. Fixed assets

(Rupees in lakh)

Sr. No.	Particulars	GROSS				DEPRECIATION				NET CARRYING VALUE	
		As at April 1, 2011 Rs.	Additions Rs.	Disposals/ Adjustments Rs.	As at March 31, 2012 Rs.	Up to March 31, 2011 Rs.	For the year Rs.	Disposals/ Adjustments Rs.	Up to March 31, 2012 Rs.	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
<b>(i)</b>	<b>Tangible Assets</b>										
1	Buildings	1,956.03	0.00	0.00	<b>1,956.03</b>	810.67	57.27	0.00	<b>867.94</b>	<b>1,088.09</b>	1,145.36
2	Data Processing Equipment	352.97	41.25	(53.51)	<b>340.71</b>	285.01	34.14	(52.05)	<b>267.10</b>	<b>73.61</b>	67.96
3	Furniture and Fixtures	264.64	8.33	(0.45)	<b>272.52</b>	167.80	18.70	(0.44)	<b>186.06</b>	<b>86.46</b>	96.84
4	Office Equipment	176.54	11.83	(14.16)	<b>174.21</b>	97.69	13.88	(10.79)	<b>100.78</b>	<b>73.43</b>	78.85
5	Air Conditioners	45.25	0.42	(0.10)	<b>45.57</b>	23.15	3.11	(0.08)	<b>26.18</b>	<b>19.39</b>	22.10
6	Electrical Fittings	41.45	0.31	0.00	<b>41.76</b>	23.64	2.51	0.00	<b>26.15</b>	<b>15.61</b>	17.81
7	Vehicles	80.46	21.61	(15.56)	<b>86.51</b>	37.57	10.99	(8.59)	<b>39.97</b>	<b>46.54</b>	42.89
8	Leasehold Improvements	232.86	21.60	0.00	<b>254.46</b>	74.11	24.22	0.00	<b>98.33</b>	<b>156.13</b>	158.75
	Sub-Total	3,150.20	105.35	(83.78)	<b>3,171.77</b>	1,519.64	164.82	(71.95)	<b>1,612.51</b>	<b>1,559.26</b>	1,630.56
<b>(ii)</b>	<b>Intangible Assets</b>										
1	Computer Softwares	184.84	7.44	(43.34)	<b>148.94</b>	125.93	24.82	(43.21)	<b>107.54</b>	<b>41.40</b>	58.91
	Total	3,335.04	112.79	(127.12)	<b>3,320.71</b>	1,645.57	189.64	(115.16)	<b>1,720.05</b>	<b>1,600.66</b>	1,689.47
	Previous year	3,219.87	131.81	(16.64)	<b>3,335.04</b>	1,452.06	203.23	(9.72)	<b>1,645.57</b>	<b>1,689.47</b>	



## 6. Non-current Investments (At Cost)

Particulars	Face Value (Rupees)	Quantity	Quantity	Amount	Amount
		As at March 31, 2012 (Numbers)	As at March 31, 2011 (Numbers)	As at March 31, 2012 (Rupees in lakh)	As at March 31, 2011 (Rupees in lakh)
<b>1) Other Investments</b>					
<b>a) In Equity Instruments—Unquoted, Fully Paid Up</b>					
<b>- In Subsidiaries</b>					
i Equity shares of ICRA Online Limited	10	<b>8,951,458</b>	8,717,558	<b>871.76</b>	871.76
ii Equity shares of ICRA Management Consulting Services Limited	10	<b>15,000,000</b>	15,000,000	<b>1,500.00</b>	1,500.00
iii Equity shares of ICRA Techno Analytics Limited	10	<b>8,500,000</b>	8,500,000	<b>1,223.88</b>	1,223.88
iv Equity shares of PT ICRA Indonesia	IDR 10000	<b>905,818</b>	495,000	<b>477.55</b>	251.63
v Equity shares of ICRA Lanka Ltd.	LKR 10	<b>3,848,900</b>	2,500,000	<b>165.09</b>	102.35
Sub-total (in Subsidiaries)				<b>4,238.28</b>	3,949.62
<b>- Others—Quoted, Fully Paid Up</b>					
i Equity shares of CRISIL Limited	1 (PY 10)	<b>3,000</b>	300	<b>0.15</b>	0.15
Sub-total (others)				<b>0.15</b>	0.15
Total (a)				<b>4,238.43</b>	3,949.77
<b>b) in Preference Shares—Unquoted, Fully Paid Up</b>					
<b>- In Subsidiary</b>					
i 9% Optionally convertible cumulative preference shares of ICRA Online Limited	10	<b>0</b>	304,329	<b>0.00</b>	49.01
Total (b)				<b>0.00</b>	49.01

**Non-current Investments (At Cost)**

Particulars	Face Value (Rupees)	Quantity As at	Quantity As at	Amount As at	Amount As at	
		March 31, 2012 (Numbers)	March 31, 2011 (Numbers)	March 31, 2012 (Rupees in lakh)	March 31, 2011 (Rupees in lakh)	
<b>c) Mutual Funds—Quoted</b>						
<b>- In Balanced Mutual Funds</b>						
i	ICICI Prudential Balanced Fund -Dividend	10	0.000	1,821,418.082	0.00	264.65
ii	FT India Balanced Fund - Dividend Payout	10	0.000	3,149,114.671	0.00	637.97
iii	DSP BlackRock Balanced Fund - Dividend Payout	10	0.000	2,008,566.089	0.00	400.00
iv	HDFC Prudence Fund - Dividend, Option : Payout	10	0.000	1,491,777.728	0.00	469.00
v	Birla Sun Life Freedom Fund - Dividend - Payout	10	0.000	495,049.505	0.00	100.00
vi	SBI-Magnum Balanced Fund - Dividend Option-Payout	10	0.000	762,485.703	0.00	200.00
vii	Tata Balanced Fund - Dividend	10	0.000	247,260.967	0.00	100.00
Sub-total (Balanced Mutual Funds)					<b>0.00</b>	2,171.62
<b>- In Fixed Maturity Plans</b>						
i	ICICI Prudential FMP Series 52-1 Year Plan A Cumulative	10	0.000	5,000,000.000	0.00	500.00
ii	IDFC Fixed Maturity Plan-Thirteen Months Series 5-Growth	10	0.000	7,000,000.000	0.00	700.00
iii	Kotak FMP 370 Days - Series 2 - Growth	10	0.000	7,000,000.000	0.00	700.00
iv	DSP BlackRock FMP-12M-Series 11 - Growth	10	0.000	11,000,000.000	0.00	1,100.00
v	Fidelity FMP-Series 4 - Plan E - Growth	10	0.000	10,000,000.000	0.00	1,000.00
vi	Kotak FMP Series 28 - Growth	10	0.000	8,000,000.000	0.00	800.00
vii	ICICI Prudential FMP Series 54-18 Months Plan A Cumulative	10	8,000,000.000	8,000,000.000	800.00	800.00
viii	Reliance Fixed Horizon Fund-XVII Series 1-Growth Plan	10	0.000	5,000,000.000	0.00	500.00
ix	Reliance Fixed Horizon Fund-XVI Series 3-Growth Plan	10	0.000	7,000,000.000	0.00	700.00
x	Religare FMP-Series IV-Plan D (13 Months)-Growth Plan	10	0.000	7,000,000.000	0.00	700.00
xi	Axis Fixed Term Plan-Series 13 (370 days)-Growth Plan	10	0.000	10,000,000.000	0.00	1,000.00
xii	DSP BlackRock FMP-13M-Series 4-Growth	10	4,500,000.000	4,500,000.000	450.00	450.00
xiii	Fidelity FMP-Series 4-Plan F-Growth	10	0.000	5,000,000.000	0.00	500.00
xiv	Principal PNB Fixed Maturity Plan (FMP-67)-367 days-Series II-Regular Growth Plan	10	0.000	10,000,000.000	0.00	1,000.00
xv	Reliance Fixed Horizon Fund-XIX-Series 11-Growth Plan	10	0.000	5,000,000.000	0.00	500.00
xvi	Religare FMP-Series IV-Plan F (368 Days)-Growth	10	0.000	8,000,000.000	0.00	800.00
xvii	SBI Debt Fund Series-370 Days-11-Growth	10	5,000,000.000	5,000,000.000	500.00	500.00
xviii	Sundaram Fixed Term Plan AV 366 Days Growth	10	0.000	10,000,000.000	0.00	1,000.00
xix	Tata Fixed Maturity Plan Series 30 Scheme A - Growth	10	0.000	10,000,000.000	0.00	1,000.00
xx	Tata Fixed Maturity Plan Series 30 Scheme C - Growth	10	9,000,000.000	0.000	900.00	0.00
xxi	L&T FMP - V (March367D A) - Growth	10	4,999,990.000	0.000	500.00	0.00
xxii	AXIS Fixed Term Plan - Series 21 (394 Days)	10	6,000,000.000	0.000	600.00	0.00
xxiii	Birla Sun Life Fixed Term Plan Series ES-Growth	10	6,000,000.000	0.000	600.00	0.00
xxiv	DWS Fixed Maturity Plan Series 6 Growth Plan	10	6,000,000.000	0.000	600.00	0.00
xxv	Reliance Fixed Horizon Fund-XXI-Series 9-Growth	10	5,999,990.000	0.000	600.00	0.00
xxvi	Birla Sun Life Fixed Term Plan Series EE-Growth	10	10,000,000.000	0.000	1,000.00	0.00
xxvii	Fidelity Fixed Maturity Plan- Series 6-Plan F-Growth	10	9,999,990.000	0.000	1,000.00	0.00
xxviii	HDFC FMP 400D February 2012 (1)-Growth Series XXI	10	10,000,000.000	0.000	1,000.00	0.00
xxix	ICICI Prudential FMP-Series 61-1 Year Plan C Cumulative	10	10,000,000.000	0.000	1,000.00	0.00
xxx	IDFC Fixed Maturity Plan-Yearly Series 61-Growth	10	9,999,990.000	0.000	1,000.00	0.00
xxxi	Kotak FMP Series 80-Growth	10	10,000,000.000	0.000	1,000.00	0.00
xxxii	ICICI Prudential FMP-Series 63-378 Days Plan I Cumulative	10	9,999,990.000	0.000	1,000.00	0.00
xxxiii	DSP BlackRock FMP Series 38-12.5M - Growth	10	12,000,000.000	0.000	1,200.00	0.00
xxxiv	Sundaram Fixed Term Plan CJ 366 Days Growth	10	11,999,990.000	0.000	1,200.00	0.00
xxxv	JP Morgan India Fixed Maturity Plan Series 6 Growth	10	15,000,000.000	0.000	1,500.00	0.00
xxxvi	Religare FMP-Series XII-Plan A-370 Days-Growth Plan	10	16,422,970.000	0.000	1,642.30	0.00
Sub-total (Fixed Maturity Plans)					<b>18,092.30</b>	14,250.00



### Non-current Investments (At Cost)

Particulars	Face Value (Rupees)	Quantity	Quantity	Amount	Amount	
		As at March 31, 2012 (Numbers)	As at March 31, 2011 (Numbers)	As at March 31, 2012 (Rupees in lakh)	As at March 31, 2011 (Rupees in lakh)	
<b>- In Other Plans</b>						
i	HDFC High Interest Fund-Short Term Plan-Dividend, Option : Reinvest	10	0.000	1,976,394.051	0.000	209.51
ii	IDFC-SSIF-ST-Plan D-Growth	10	0.000	2,437,003.461	0.000	300.00
iii	LIC Nomura MF Savings Plus Fund-Growth Plan	10	0.000	4,123,090.753	0.000	600.00
iv	Reliance Short Term Fund-Retail Plan-Growth Plan	10	0.000	1,728,080.736	0.000	300.00
v	SBI Magnum Income Fund FR Savings Plus Bond Plan-Growth	10	2,826,395.710	2,826,395.710	400.00	400.00
vi	Templeton Floating Rate Income Fund Long Term Plan Institutional Option-Dividend Reinvestment	10	6,557,024.303	6,128,152.464	678.15	633.81
vii	Templeton India Short Term Income Retail Plan-Growth	1,000	0.000	10,929.201	0.00	200.00
	Sub-total (Other Plans)				1,078.15	2,643.32
	Total (c)				19,170.45	19,064.94
	Diminution due to change in carrying value of investments				0.00	(68.01)
	Net investments (c)				19,170.45	18,996.93
	Aggregate amount of quoted investments				19,170.60	18,997.08
	Aggregate amount of unquoted investments				4,238.28	3,998.63
	Total (Non-current investments)				23,408.88	22,995.71
	Aggregate market value of quoted investments				19,704.47	19,616.38

**Note:- IDR denotes Indonesian Rupiah and LKR denotes Sri Lankan Rupee**

(Rupees in lakh)

Particulars	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
<b>7. Long-term loans and advances</b>		
Loans to staff (secured, considered good)	106.65	77.87
Loan to ICRA Employees Welfare Trust (unsecured, considered good)	1,274.46	1,602.42
Security Deposits		
- Unsecured, considered good	143.25	147.05
- Unsecured, considered doubtful	46.73	46.73
Others (unsecured, considered good)	19.05	12.06
	1,590.14	1,886.13
	(46.73)	(46.73)
Less: Provision for doubtful long-term loans and advances	1,543.41	1,839.40

**8. Current Investments (At Cost)**

Particulars	Face Value (Rupees)	Quantity As at March 31, 2012 (Numbers)	Quantity As at March 31, 2011 (Numbers)	Amount As at March 31, 2012 (Rupees in lakh)	Amount As at March 31, 2011 (Rupees in lakh)
<b>Mutual Funds—Quoted</b>					
<b>- In Other Plans</b>					
i Birla Sunlife Savings Fund Instl.-Growth	100	<b>391,856.056</b>	0.000	<b>800.00</b>	0.00
ii JP Morgan India Treasury Fund-Super Inst. Growth Plan	10	<b>5,704,669.272</b>	0.000	<b>800.00</b>	0.00
iii Reliance Money Manager Fund- Institutional Option-Growth Plan	1,000	<b>54,664.083</b>	0.000	<b>800.00</b>	0.00
iv IDBI Ultra Short Term Fund-Growth	1,000	<b>90,298.255</b>	0.000	<b>1,000.00</b>	0.00
v SBI SHF-Ultra Short Term Fund-Retail Plan-Growth	1,000	<b>74,365.477</b>	0.000	<b>1,000.00</b>	0.00
vi Sundaram Ultra ST Fund Retail Growth	10	<b>37,167.813</b>	0.000	<b>5.00</b>	0.00
Total				<b>4,405.00</b>	0.00
Aggregate market value of mutual fund (quoted) investments				<b>4,465.14</b>	0.00

**(Rupees in lakh)**

Particulars	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
<b>9. Trade receivables (Unsecured) over six months</b>		
- considered good due from others	<b>700.28</b>	352.34
- considered doubtful	<b>104.89</b>	133.48
	<b>805.17</b>	485.82
<b>others</b>		
- considered good due from companies under the same management	<b>3.47</b>	13.20
- considered good due from others	<b>905.17</b>	901.89
- considered doubtful	<b>1.84</b>	25.27
	<b>910.48</b>	940.36
<b>Total</b>	<b>1,715.65</b>	1,426.18
Less: provision for doubtful trade receivables	<b>(106.73)</b>	(158.75)
	<b>1,608.92</b>	1,267.43



<b>(Rupees in lakh)</b>		
<b>Particulars</b>	<b>As at March 31, 2012 Rs.</b>	<b>As at March 31, 2011 Rs.</b>
<b>10. Cash and cash equivalents</b>		
a) Balances with banks		
Unpaid dividend	<b>5.89</b>	4.92
Margin money	<b>29.55</b>	27.91
Bank deposits with more than 12 months maturity	<b>1,674.57</b>	1,178.87
Balance with bank payable to public offer applicants	<b>0.45</b>	0.45
b) Cash on hand	<b>1.84</b>	2.10
c) Current accounts	<b>106.93</b>	394.63
d) Bank deposits with less than 12 months maturity	<b>266.25</b>	857.73
	<b>2,085.48</b>	2,466.61
<b>11. Short-term loans and advances</b>		
Loans to staff (secured, considered good)	<b>15.47</b>	10.88
Loans and advances to related parties (unsecured, considered good)	<b>132.10</b>	45.16
With others		
- unsecured, considered good	<b>393.92</b>	320.09
- unsecured, considered doubtful	<b>22.50</b>	26.57
Prepaid taxes (net of provision)	<b>140.97</b>	0.00
	<b>704.96</b>	402.70
Less: provision for doubtful short-term loans and advances	<b>(22.50)</b>	(26.57)
	<b>682.46</b>	376.13
<b>12. Other current assets</b>		
Interest accrued but not due on investments and deposits	<b>41.09</b>	86.63
	<b>41.09</b>	86.63

<b>(Rupees in lakh)</b>		
<b>Particulars</b>	<b>2011-12</b>	2010-11
	<b>Rs.</b>	Rs.
<b>13. Revenue from Operations</b>		
Rating services fees	<b>13,933.81</b>	12,929.19
Information services fees	<b>2.27</b>	1.32
	<b>13,936.08</b>	12,930.51
<b>14. Other Income</b>		
Interest income	<b>193.28</b>	650.41
Dividend from subsidiary companies	<b>45.24</b>	2.74
Dividend income	<b>165.63</b>	266.69
Profit on sale/redemption of investments (net)	<b>1,349.94</b>	218.74
Technical services income	<b>3.91</b>	3.91
Rental income	<b>100.37</b>	100.86
Reversal in diminution in carrying value of investments	<b>68.01</b>	0.00
Other non-operating income	<b>47.39</b>	10.91
	<b>1,973.77</b>	1,254.26
<b>15. Employee benefit expense</b>		
Salaries and allowances	<b>3,235.23</b>	2,789.92
Profit sharing	<b>1,065.19</b>	1,027.41
Contribution to provident fund	<b>164.61</b>	140.89
Amortisation of deferred employees compensation	<b>1,291.99</b>	751.30
Staff welfare expenses	<b>259.17</b>	211.03
Training and recruitment expenses	<b>41.19</b>	34.37
	<b>6,057.38</b>	4,954.92
<b>16. Other Expenses</b>		
<b>a) Administrative Expenses</b>		
Rent	<b>164.04</b>	146.31
Rates and taxes	<b>28.50</b>	16.13
Repairs and maintenance - building	<b>0.15</b>	3.83
Repairs and maintenance - others	<b>153.88</b>	132.04
Communication expenses	<b>119.85</b>	123.06
Electricity and water	<b>62.47</b>	49.34
Printing and stationery	<b>135.85</b>	120.31
Insurance charges	<b>1.88</b>	2.08
Books and periodicals	<b>35.70</b>	32.79
	<b>702.32</b>	625.89
<b>b) Others</b>		
Travelling and conveyance	<b>353.62</b>	333.65
Directors' sitting fees	<b>10.20</b>	10.40
Legal and professional charges	<b>760.63</b>	755.53
Conference and meeting expenses	<b>87.27</b>	110.74
Advertisement expenses	<b>31.54</b>	39.05
Auditors' remuneration and expenses	<b>4.96</b>	5.20
Business development expenses	<b>2.28</b>	12.09
Technical services	<b>26.17</b>	24.35
Bad debts written off (net of provisions)	<b>26.76</b>	148.47
Fees and subscription	<b>16.18</b>	15.68
Loss on sale of assets (net)	<b>3.60</b>	5.05
Remuneration to non executive directors	<b>42.00</b>	35.00
Diminution due to change in carrying value of investments	<b>0.00</b>	3.87
Miscellaneous expenses	<b>22.55</b>	21.14
	<b>1,387.76</b>	1,520.22
Total (Other Expenses)	<b>2,090.08</b>	2,146.11



## 17. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### A. Significant Accounting Policies:-

- a) **Basis of Preparation:-** The financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211 (3C) of the Companies Act, 1956 read with The Companies (Accounting Standards) Rules, 2006, as amended from time to time. The financial statements have been prepared under the historical cost convention, on a going concern basis and following the accrual accounting concept, unless otherwise stated.
- b) **Revenue Recognition:-**
  - i) Income from rating/grading services is recognised when the ratings/gradings are assigned by the Rating/Grading Committee of the Company.
  - ii) The Company charges surveillance fees for 12 months at a time on accepted ratings and such fees commence 1 year after the date of assigning of a rating and continue annually thereafter. Such income is recognised on the basis of time elapsed (ignoring fractions of months). Surveillance fees on the rating assignments of commercial paper, line of credit (Basel II), liquefied petroleum gas, superior kerosene oil, collective investment schemes and grading assignments become due and are recognised on completion of the surveillance exercise.
  - iii) The dividend income from Investments in shares/units is recognised in the year in which the right to receive it crystallises. Interest income is recognised in the year it accrues.
- c) **Fixed Assets:-** Fixed assets are stated at cost which consists of purchase price, duties and any directly attributable cost of bringing the asset to its working condition for intended use.
- d) **Depreciation:-** Depreciation is provided on the written down value of assets at rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 (the "Act") except for leasehold improvements. The leasehold improvements are depreciated on the straight line method over the primary period of the lease. The primary lease period for this purpose includes any lease period extendable at the discretion of the lessee. Individual assets whose cost does not exceed Rs 5,000 are depreciated in full in the year of acquisition. In all other cases, depreciation is provided on a pro-rata basis on assets acquired, sold or discarded during the year.
- e) **Impairment of Assets:-** At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, an impairment loss, i.e. the amount by which the carrying amount of assets exceeds its recoverable amount, is provided in the books of account. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods is no longer required or has decreased.
- f) **Investments:-** Investments which are readily realisable and intended to be held for not more than one year from the date of which such investments are made, are classified as current investments. All other investments are classified as non-current investments. Current investments are stated at lower of cost and fair market value. Long term investments are stated at cost. Provision for diminution in value in the case of long term investments is made if the decline in value is other than temporary in nature.
- g) **Employees' Benefits:-** Employees' benefits are provided by way of contributions to separate provident fund and pension schemes and accounting provisions for leave encashment and gratuity. Contribution to the provident fund scheme is deposited in accordance with the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Liabilities for gratuity and leave encashment are provided on the basis of actuarial valuations at the year end and by management estimates for interim periods keeping in view the last actuarial valuation.

- h) **Employees Stock Option Scheme (ESOS):-** The accounting value of stock options is determined on the basis of "intrinsic value" representing the excess of the market price on the date of grant over the exercise price of the options granted under the ESOS of the Company. Accounting value is being amortised as "deferred employees' compensation" on a straight-line basis over the vesting period in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note No. 18 "Share Based Payments" issued by the ICAI.
- i) **Assets on Lease:-**
- Owned assets given under operating leases are included in fixed assets. Depreciation in respect of these assets is recognised as an expense and related income as credits in the profit and loss statement.
  - The assets taken on operating leases are not capitalised in the books of the Company and lease payments are charged to the profit and loss account. Lease income on sharing of such assets with other companies is recognised in the profit and loss account.
- j) **Taxes on Income:-** Provision for taxation for the year is ascertained on the basis of estimated assessable profits computed in accordance with the provisions of the Income Tax Act, 1961 at rates inacted or substantially enacted. Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originates in one period and is capable of reversal in one or more subsequent periods.
- k) **Foreign Currency Transactions:-** Transactions in foreign currencies are accounted for at the rates of exchange prevailing on the dates of the transactions. The gains or losses arising out of subsequent fluctuations on the date of the balance sheet or settlement before that date are charged to the profit and loss account.

## B. Notes to Accounts:-

### 1. Contingent Liabilities and Commitments (to the extent not provided for):-

#### (1) Contingent Liabilities:-

	As at March 31, 2012 (Rupees in lakh)	As at March 31, 2011 (Rupees in lakh)
i) Claims against the Company disputed and not acknowledged as debts.	12.85	12.92
ii) Guarantees given by Banks against counter guarantees of the Company	21.71	21.71
iii) Disputed income tax demands	300.80	286.79
<b>Total</b>	<b>335.36</b>	321.42

The Company has taken the necessary steps to protect its position in respect of all disputed claims and has received competent legal advice to the effect that the Company has strong positions in respect of disputed amounts claimed and accordingly counters that no provisions are required against these claims. The guarantees have been given in the ordinary course of business and are not likely to result in any liability.

#### (2) Other commitments:-

i) Estimated amount of contracts remaining to be executed on capital account and not provided for (advance given Rs. 10 lakh)	0.00	26.04
<b>Total</b>	<b>0.00</b>	26.04



2. Based on the information obtained from suppliers regarding their status as Micro, Small or Medium enterprises under Micro, Small and Medium Enterprises Development Act, 2006, there are no amounts due to them as at the end of the year.
3. Pursuant to the resolution passed by the shareholders at the annual general meeting held on June 12, 2006 for the grant of options, 9,06,000 equity shares amounting to 9.06% of the equity share capital of the Company have been issued to the ICRA Employees Welfare Trust for grant of options to the eligible employees. Accordingly, the ICRA Employees Welfare Trust has granted stock options to those eligible employees from the pool of 9,06,000 equity shares in two tranches so far. The first tranche was granted during 2006-07 and the second during 2010-11. 3,18,466 options were exercised till March 31, 2011 and 68,263 options were exercised during the year under review.
4. During the year, the Company acquired an additional 4,10,818 equity shares of PT. ICRA Indonesia (a subsidiary company) at the par value of IDR 10,000 each, equivalent to Rs. 225.92 lakh (previous year 2,47,500 equity shares equivalent to Rs. 127.76 lakh).
5. During the year, the Company acquired 13,48,900 equity shares of ICRA Lanka Ltd. (a wholly owned subsidiary) at par value of LKR 10 each, equivalent to Rs. 62.89 lakh (previous year 25,00,000 equity shares equivalent to Rs. 102.35 lakh).
6. During the year, the Company invested Rs. 63.24 lakh (previous year nil) in ICRA Nepal Limited to acquire its shares of the face value of Nepalese Rupees 100 each at par value. ICRA Nepal Limited had not allotted any shares by March 31, 2012.

**7. Remuneration to Auditors:-**

<b>Particulars</b>	<b>2011-12 (Rupees in lakh)</b>	2010-11 (Rupees in lakh)
Audit fees	<b>3.15</b>	2.42
Taxation matters	<b>0.47</b>	0.41
Company law matters	<b>0.63</b>	0.55
Other services	<b>0.26</b>	0.48
Reimbursement of expenses	<b>0.45</b>	1.34
Total	<b>4.96</b>	5.20

**8. Expenditure in foreign currency during the year:-**

(i) Technical services	<b>21.69</b>	18.09
(ii) Professional charges	<b>30.14</b>	136.30
(iii) Foreign travel	<b>19.30</b>	15.70
(iv) Others	<b>4.37</b>	8.52
Total	<b>75.50</b>	178.61

**9. Earnings in foreign currency during the year:-**

(i) Professional fees	<b>6.73</b>	2.74
Total	<b>6.73</b>	2.74

**10. Segment reporting:-**

Particulars	2011-12 (Rupees in lakh)	2010-11 (Rupees in lakh)
<b>Segmentwise revenues and results</b>		
<b>Segment revenues</b>		
Rating services	13,933.81	12,929.19
Information services	2.27	1.32
Segment total	<b>13,936.08</b>	12,930.51
<b>Segment results</b>		
Rating services	6,686.33	6,870.50
Information services	(46.76)	(30.61)
Total of all segments	<b>6,639.57</b>	6,839.89
Non-operating income over expenses	1,122.82	243.85
Depreciation	(189.64)	(203.23)
Profit before tax	<b>7,572.75</b>	6,880.51
Provision for tax	<b>(2,482.77)</b>	(2,389.15)
Profit after tax	<b>5,089.98</b>	4,491.36

**Note:** Fixed assets used in the Company's business or liabilities contracted have not been identified to the reportable segments as the fixed assets and services are used interchangeably.

**11. Earning Per Share:-**

Profit after tax	5,089.98	4,491.36
Number of shares outstanding at the end of the year (face value Rs. 10 per share)	1,00,00,000	1,00,00,000
Basic earnings per share (Rs.) (face value Rs. 10 per share)	50.90	44.91
Diluted earnings per share (Rs.) (face value Rs. 10 per share)	50.90	44.91
Cash earnings per share (Rs.) (face value Rs. 10 per share)	65.72	54.46
(The earnings per share have been calculated on the weighted average basis)		
(Cash EPS is computed after considering depreciation and amortisation of deferred employees' compensation)		

**12. Provision for taxes has been arrived at as follows:-**

Current income tax	2,410.53	2,443.33
Deferred tax	50.43	(78.02)
Wealth tax	0.24	0.61
Taxes for previous years	21.57	23.23
	<b>2,482.77</b>	2,389.15

**13. The Deferred Tax Liability/(Asset) consists of the following:-**

Particulars	As at March 31, 2012 (Rupees in lakh)	As at March 31, 2011 (Rupees in lakh)
Depreciation	156.82	165.04
Provision for gratuity	(79.44)	(82.36)
Provision for leave encashment	(69.62)	(89.25)
Provision for doubtful debts	(31.44)	(47.61)
Provision for doubtful loans and advances	(15.16)	(15.52)
Provision for doubtful Out of Pocket Expenses	(6.55)	(7.93)
Diminution due to change in carrying value of investments	0.00	(22.59)
Disallowance under the Income Tax Act, 1961	(35.69)	(31.29)
	<b>(81.08)</b>	(131.51)



14. **The disclosures required under Accounting Standard 15 (Revised) "Employee Benefits" are given below:-**

**a) Gratuity Plan**

The present value of the obligation is determined based on actuarial valuation using the projected unit credit method.

<b>Particulars</b>	<b>2011-12 (Rupees in lakh)</b>	2010-11 (Rupees in lakh)
<b>Table showing changes in the present value of the obligation during the year</b>		
Present value of obligation at beginning of the year	247.94	197.10
Acquisition adjustment	-	-
Interest cost	20.08	15.57
Past service cost	-	-
Current service cost	46.44	42.08
Benefit paid	(29.63)	-
Actuarial (gain)/loss	(14.86)	(6.80)
Present value of obligation at the year end	269.97	247.95
<b>Table showing changes in the fair value of plan assets during the year</b>		
Fair value of plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Contribution	-	-
Benefit paid	-	-
Actuarial (gain)/loss	-	-
Fair value of plan assets at the end of the year	-	-
<b>Table showing fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	-	-
Actual return on plan assets	-	-
Contribution	-	-
Benefit paid	-	-
Fair value of plan assets at the end of the year	-	-
Fund status	(269.97)	(247.95)
Excess of actual over expected return of plan assets	-	-
<b>Actuarial gain/loss recognised for the year</b>		
Actuarial gain/(loss) recognised for the year- obligation	14.86	6.80
Actuarial (gain)/loss for the year - plan assets	-	-
Total (gain)/loss for the year	(14.86)	(6.80)
Actuarial (gain)/loss recognised in the year	(14.86)	(6.80)
Unrecognised actuarial (gains)/losses at the end of year	-	-
<b>Amount to be recognised in the balance sheet and statement of profit &amp; loss</b>		
Present value of obligation as at the end of the year	269.97	247.95
Fair value of plan assets as at the end of the year	-	-
Funded status	(269.97)	(247.95)
Unrecognised actuarial (gains)/losses	-	-
Unrecognised past service cost (non vested benefits)	-	-
Net liability recognised in balance sheet	269.97	247.95

Particulars	2011-12 (Rupees in lakh)	2010-11 (Rupees in lakh)
<b>Expenses recognised during the year</b>		
Current service cost	46.44	42.08
Past service cost	-	-
Interest cost	20.08	15.57
Expected return on plan assets	-	-
Curtailment cost/(credit)	-	-
Settlement cost/(credit)	-	-
Actuarial (gain)/loss	(14.86)	(6.80)
Expenses recognised in the statement of profit and loss	51.66	50.85
<b>Amount for the current year</b>		
Present value of obligation	269.97	247.95
Plan assets	-	-
Surplus (deficit)	(269.97)	(247.95)
Experience adjustments on plan liabilities - (loss)/gain	5.19	1.50
Experience adjustments on plan assets - (loss)/gain	-	-
<b>Reconciliation statement of expense in the statement of profit and loss</b>		
Present value of obligation as at the end of the year	269.97	247.95
Present value of obligation as at the beginning of the year	(247.94)	(197.10)
Benefits paid		
i) Directly paid by the enterprise	29.63	-
ii) Payments made out of the fund	-	-
Actual return on plan assets	-	-
Expenses recognised in the statement of profit and loss	51.66	50.85
<b>Movement in the liability recognised in balance sheet</b>		
Opening net liability	247.94	197.10
Expenses as above	51.66	50.85
Benefits directly paid by Company	(29.63)	-
Contributions paid into the fund	-	-
Closing net liability	269.97	247.95
<b>Actuarial assumptions</b>		
Discount rate (per annum)	8.60%	8.10%
Expected rate of return on plan assets (per annum)	NA	NA
Rate of increase in compensation levels:	10.00%	10.00%



## b) Leave Encashment Plan

The present value of the obligation is determined based on actuarial valuation using the projected unit credit method.

Particulars	2011-12 (Rupees in lakh)	2010-11 (Rupees in lakh)
<b>Table showing changes in the present value of obligation during the year</b>		
Present value of the obligation at beginning of the year	268.68	210.44
Acquisition adjustment	-	-
Interest cost	21.76	16.62
Past service cost	-	-
Current service cost	37.46	35.00
Benefit paid	(25.96)	(26.23)
Actuarial (gain)/loss	(28.31)	32.85
Present value of the obligation at the year end	273.63	268.68
<b>Table showing changes in the fair value of plan assets during the year</b>		
Fair value of plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Contributions	-	-
Benefit paid	-	-
Actuarial (gain)/loss	-	-
Fair value of plan assets at the end of the year	-	-
<b>Table showing fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	-	-
Actual return on plan assets	-	-
Contributions	-	-
Benefit paid	-	-
Fair value of plan assets at the end of the year	-	-
Fund status	(273.63)	(268.68)
Excess of actual over expected return on plan assets	-	-
<b>Actuarial gain/loss recognised for the year</b>		
Actuarial gain/(loss) recognised for the year- obligation	28.31	(32.85)
Actuarial (gain)/loss for the year - plan assets	-	-
Total (gain)/loss for the year	(28.31)	32.85
Actuarial (gain)/loss recognised in the year	(28.31)	32.85
Unrecognised actuarial (gains)/losses at the end of year	-	-
<b>Amount to be recognised in the balance sheet and statement of profit and loss</b>		
Present value of obligation as at the end of the year	273.63	268.68
Fair value of plan assets as at the end of the year	-	-
Fund status	(273.63)	(268.68)
Unrecognised actuarial (gains)/losses	-	-
Unrecognised past service cost (non vested benefits)	-	-
Net liability recognised in the balance sheet	273.63	268.68

Particulars	2011-12 (Rupees in lakh)	2010-11 (Rupees in lakh)
<b>Expenses recognised during the year</b>		
Current service cost	37.46	35.00
Past service cost	-	-
Interest cost	21.76	16.62
Expected return on plan assets	-	-
Curtailment cost/(credit)	-	-
Settlement cost/(credit)	-	-
Actuarial (gain)/loss	(28.31)	32.85
Expenses recognised in the statement of profit and loss	30.91	84.47
<b>Amount for the current year</b>		
Present value of obligation	273.63	268.68
Plan assets	-	-
Surplus (deficit)	(273.63)	(268.68)
Experience adjustments on plan liabilities - (loss)/gain	(10.01)	(14.29)
Experience adjustments on plan assets - (loss)/gain	-	-
<b>Reconciliation statement of expense in the statement of profit and loss</b>		
Present value of obligation as at the end of the year	273.63	268.68
Present value of obligation as at the beginning of the year	(268.68)	(210.44)
Benefits paid		
i) Directly paid by the enterprise	25.96	26.23
ii) Payments out of the fund	-	-
Actual return on plan assets	-	-
Expenses recognised in the statement of profit and loss	30.91	84.47
<b>Movement in the liability recognised in the balance sheet</b>		
Opening net liability	268.68	210.44
Expenses as above	30.91	84.47
Benefits directly paid by the Company	(25.96)	(26.23)
Contribution paid into the fund	-	-
Closing net liability	273.63	268.68
<b>Actuarial Assumptions</b>		
Discount rate (per annum)	8.60%	8.10%
Expected rate of return on plan assets (per annum)	NA	NA
Rate of increase in compensation levels:	10.00%	10.00%

15. Related Party Disclosure:-

Name	Relationship	Nature of Transaction	2011-12 (Rupees in lakh)	2010-11 (Rupees in lakh)
ICRA Management Consulting Services Limited	Subsidiary	- Professional services used	10.00	15.42
		- Rent recovered	96.65	97.81
		- Directors' sitting fees received (Excluding service tax of Rs. 0.03 lakh (previous year Rs. 0.04 lakh))	0.27	0.36
		- Reimbursement of expenses received/receivable	41.80	31.60
		- Reimbursement of expenses paid/payable	4.90	11.49
		- Amount receivable (including loan)	60.81	30.87
ICRA Techno Analytics Limited	Subsidiary	- Professional services used	1.62	2.57
		- Directors' sitting fees received (Excluding service tax of Rs. 0.01 lakh (previous year Rs. 0.01 lakh))	0.06	0.05
		- Dividend received	42.50	0.00
		- Reimbursement of expenses received/receivable	8.82	6.56
		- Amount receivable	0.00	4.25
ICRA Online Limited	Subsidiary	- Professional services used	370.20	276.29
		- Professional services provided	30.98	30.80
		- Directors' sitting fees received (Excluding service tax of Rs. 0.01 lakh (previous year Rs. 0.01 lakh))	0.11	0.13
		- Technical services fees received	3.91	3.91
		- Dividend received	2.74	2.74
		- Reimbursement of expenses received/receivable	30.31	27.07
		- Reimbursement of expenses paid/payable	0.00	22.51
		- Advance received in form of equity shares under technical services agreement	5.33	9.65
		- Amount receivable	3.47	13.20
		- Amount payable	5.52	39.26
PT ICRA Indonesia	Subsidiary	- Investment made in shares	225.92	127.76
		- Reimbursement of expenses received/receivable	4.51	1.60
		- Amount receivable	6.12	1.60
ICRA Lanka Limited	Subsidiary	- Investment made in shares	62.89	102.35
		- Reimbursement of expenses received/receivable	12.42	5.40
		- Reimbursement of expenses paid/payable	0.39	0.00
		- Amount receivable	1.93	8.44
ICRA Nepal Limited	Subsidiary	- Advance given for Investment in shares	63.24	0.00
Mr. P.K. Choudhury	Whole-time Director	- Managerial remuneration	196.90	196.29
Mr. Naresh Takkar	Whole-time Director	- Managerial remuneration	174.36	179.60

**16. Operating Leases:-**

The Company has taken certain premises under operating leases. The Company shares leased and owned premises with other companies from whom it receives rent in accordance with mutually agreed arrangements.

**a) Details of payments and future commitments are as under:-**

	<b>2011-12</b> <b>(Rupees in lakh)</b>	2010-11 (Rupees in lakh)
Lease payments recognised in the statement of profit and loss	<b>197.53</b>	180.94

**Future minimum lease payments:-**

	<b>As at</b> <b>March 31, 2012</b> <b>(Rupees in lakh)</b>	As at March 31, 2011 (Rupees in lakh)
Not later than one year	<b>210.10</b>	190.98
Later than one year but not later than 5 years	<b>823.62</b>	816.07
Later than 5 years	<b>305.59</b>	510.14
	<b>1,339.31</b>	1,517.19

**b) Details of sub-lease receipts are as under:-**

	<b>2011-12</b> <b>(Rupees in lakh)</b>	2010-11 (Rupees in lakh)
Sub-lease receipts recognised in the statement of profit and loss	<b>99.28</b>	100.44

**Future minimum sub-lease receipts:-**

	<b>As at</b> <b>March 31, 2012</b> <b>(Rupees in lakh)</b>	As at March 31, 2011 (Rupees in lakh)
Not later than one year	<b>96.41</b>	140.45
Later than one year but not later than 5 years	<b>390.93</b>	592.97
Later than 5 years	<b>97.50</b>	302.17
	<b>584.84</b>	1,035.59

17. Figures are expressed in lakhs of rupees.

18. The financial statements for the year ended March 31, 2012 have been prepared in accordance with the requirements of the revised schedule VI to the Companies Act, 1956. The previous year figures have been regrouped/reclassified wherever considered necessary to make them comparable with those of the current year. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

As per our report of even date attached  
for VIPIN AGGARWAL & ASSOCIATES  
Chartered Accountants  
(Registration No. 014454N)

(VIPIN AGGARWAL)  
PARTNER  
MEMBERSHIP NO.: 016544

Place : New Delhi  
Dated : May 11, 2012

For and on behalf of the Board

(NARESH TAKKAR)  
MANAGING DIRECTOR & C.E.O.

(P.K. CHOUDHURY)  
VICE-CHAIRMAN & GROUP C.E.O.

(VIJAY WADHWAN)  
C.F.O. & CO. SECRETARY



## CASH FLOW STATEMENT FOR 2011-12

(Rupees in lakh)

Particulars	2011-12 Increase/(Decrease)	2010-11 Increase/(Decrease)
<b>A. Cash Flow from Operating Activities:</b>		
<b>Profit Before Taxation from ordinary activities</b>	<b>7,572.75</b>	<b>6,880.51</b>
<b>Adjustments for:</b>		
Depreciation and amortisation	189.64	203.23
Provision for employee benefits	84.59	1,501.25
(Profit)/loss on sale of fixed assets (net)	3.60	5.05
(Profit)/loss on sale of investments (net)	(1,349.94)	(218.74)
Interest received on deposits and securities	(193.28)	(650.41)
Dividend income	(210.87)	(269.43)
Non-operating income (other than interest and dividend)	(151.67)	(115.68)
Income accrued but not due	45.54	93.14
Reversal in diminution in carrying value of investments	(68.01)	-
Provision for diminution in value of investments	-	3.87
Amortisation of deferred employees compensation	1,291.99	751.30
Adjustment for securities premium for options exercised during the year	(428.14)	-
<b>Operating Profit before Working Capital changes</b>	<b>6,786.20</b>	<b>8,184.09</b>
<b>Adjustments for:</b>		
Trade receivables	(341.49)	458.02
Loans & advances	(114.19)	(71.84)
Sundry deposits	3.80	(19.99)
Trade payables	2.08	16.65
Advances	(27.21)	252.41
Other liabilities	378.00	(2,413.94)
<b>Cash generated from/(used in) operations</b>	<b>6,687.19</b>	<b>6,405.40</b>
<b>Taxes paid (net)</b>	<b>(2,787.57)</b>	<b>(2,152.52)</b>
<b>Net cash generated from/(used in) operating activities (A)</b>	<b>3,899.62</b>	<b>4,252.88</b>

Contd...

(Rupees in lakh)

	2011-12 Increase/(Decrease)	2010-11 Increase/(Decrease)
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of fixed assets	(112.79)	(131.81)
Sale proceeds from fixed assets	8.36	1.87
Investments made during the period	(29,169.35)	(12,389.98)
Investments made in Subsidiaries during the period	(239.65)	(230.11)
Sale proceeds from investments	26,008.78	1,018.74
Loan repaid by ICRA Employees Welfare Trust	327.96	629.81
Loans and advances to companies under the same management (net)	(120.68)	31.77
Interest received on deposits and securities	193.28	650.41
Dividend income	210.87	269.43
Other income	151.67	115.68
<b>Net cash generated from/(used in) investing activities (B)</b>	<b>(2,741.55)</b>	<b>(10,034.19)</b>
<b>C. Cash Flow from Financing Activities:</b>		
Increase in securities premium	428.14	-
Dividend & dividend tax paid	(1,968.27)	(1,981.88)
Unpaid dividend	0.93	1.40
<b>Net cash generated from/(used in) financing activities (C)</b>	<b>(1,539.20)</b>	<b>(1,980.48)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(381.13)</b>	<b>(7,761.79)</b>
Cash and cash equivalents (opening balance)	2,466.61	10,228.40
Cash and cash equivalents (closing balance)	2,085.48	2,466.61
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(381.13)</b>	<b>(7,761.79)</b>
As per our report of even date attached for VIPIN AGGARWAL & ASSOCIATES Chartered Accountants (Registration No. 014454N)	For and on behalf of the Board	
(VIPIN AGGARWAL) PARTNER MEMBERSHIP NO.: 016544	(NARESH TAKKAR) MANAGING DIRECTOR & C.E.O.	(P.K. CHOUDHURY) VICE-CHAIRMAN & GROUP C.E.O.
Place : New Delhi Dated : May 11, 2012	(VIJAY WADHWA) C.F.O. & CO. SECRETARY	



## Auditors' Report on the Consolidated Financial Statements to the Board of Directors of ICRA Limited

1. We have audited the attached Consolidated Balance Sheet of ICRA Limited ('the Company') and its Subsidiary companies (the Company and its Subsidiaries constitute 'the Group') as at March 31, 2012, and also the Consolidated Profit and Loss Statement and the Consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework, and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statements' presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the Subsidiaries whose financial statements in the aggregate reflect total assets of Rs. 6,924.10 lakh as at March 31, 2012 and total revenue of Rs. 7,523.32 lakh for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of such Subsidiaries, is based solely on the reports of the other auditors.
4. We further report:
  - (i) That the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 on 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements for the year ended March 31, 2012 of all the Subsidiaries in the Consolidated Financial Statements;
  - (ii) That on the basis of the information and according to the explanations given to us and on the consideration of the separate audit reports on the individual audited financial statements of the Company and its aforesaid Subsidiaries, in our opinion, 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 consolidated state of affairs of the Group as at March 31, 2012;
- (b) in the case of the Consolidated Profit and Loss Statement, of the consolidated results of operations of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

**For Vipin Aggarwal & Associates  
Chartered Accountants  
(Registration No. 014454N)**

**(Vipin Aggarwal)  
(Partner)**

**Membership No. 016544**

**Place : New Delhi  
Dated: May 11, 2012**

## Consolidated Balance Sheet

### Consolidated Balance Sheet as at March 31, 2012

(Rupees in lakh)

Particulars	Note No.	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	(1)	1,000.00	1,000.00
(b) Reserves and Surplus	(2)	29,161.33	24,704.81
<b>2 Non-current Liabilities</b>	(3)		
(a) Other Long-term liabilities		40.06	37.72
(b) Long-term provisions		744.96	587.72
<b>3 Current Liabilities</b>	(4)		
(a) Trade payables		336.03	256.03
(b) Other current liabilities		3,198.31	2,907.63
(c) Short-term provisions		3,948.72	3,811.25
<b>4 Minority Interest</b>		(8.88)	3.69
Total		<b>38,420.53</b>	33,308.85
<b>II. ASSETS</b>			
<b>1 Non-current Assets</b>			
(a) Fixed Assets	(5)		
(i) Tangible assets		2,166.29	2,226.40
(ii) Intangible assets		146.63	202.46
(iii) Intangible assets under development		45.77	0.00
(b) Non-current investments	(6)	19,211.86	19,043.63
(c) Deferred tax assets (net)		260.46	208.22
(d) Long-term loans and advances	(7)	1,826.23	2,129.29
<b>2 Current Assets</b>			
(a) Current investments	(8)	4,405.00	80.80
(b) Trade receivables	(9)	3,699.20	3,243.66
(c) Cash and cash equivalents	(10)	4,085.42	4,204.12
(d) Short-term loans and advances	(11)	1,345.71	770.32
(e) Other current assets	(12)	195.14	245.56
<b>3 Goodwill on Consolidation</b>		1,032.82	954.39
Total		<b>38,420.53</b>	33,308.85

#### See accompanying notes to the financial statements

As per our report of even date attached  
for VIPIN AGGARWAL & ASSOCIATES  
Chartered Accountants  
(Registration No. 014454N)

(VIPIN AGGARWAL)  
PARTNER  
MEMBERSHIP NO. : 016544

Place : New Delhi  
Dated : May 11, 2012

For and on behalf of the Board

(NARESH TAKKAR)  
MANAGING DIRECTOR & C.E.O.

(P.K. CHOUDHURY)  
VICE-CHAIRMAN & GROUP C.E.O.

(VIJAY WADHWA)  
C.F.O. & CO. SECRETARY

## Consolidated Statement of Profit and Loss

<b>Consolidated Statement of Profit and Loss for the year 2011-12</b>			
<i>(Rupees in lakh)</i>			
Particulars	Note No.	2011-12 Rs.	2010-11 Rs.
<b>I. Revenue from Operations</b>	(13)	<b>20,746.17</b>	19,302.91
<b>II. Other income</b>	(14)	<b>2,132.94</b>	1,284.06
<b>III. Total revenue</b>		<b>22,879.11</b>	20,586.97
<b>IV. Expenses</b>			
Purchase of Stock-in-Trade		5.91	3.03
Employee benefits	(15)	<b>10,668.78</b>	8,849.65
Finance costs	(16)	<b>0.47</b>	0.07
Depreciation and amortization	(5)	<b>465.30</b>	452.63
Other expenses	(17)	<b>3,821.47</b>	3,886.37
Total Expenses		<b>14,961.93</b>	13,191.75
<b>V. Profit before exceptional items and tax</b>		<b>7,917.18</b>	7,395.22
<b>VI. Exceptional items</b>		<b>0.00</b>	2.43
<b>VII. Profit before tax</b>		<b>7,917.18</b>	7,397.65
<b>VIII. Tax expense:</b>			
(1) Current tax		<b>(2,700.81)</b>	(2,698.93)
(2) Deferred tax		<b>47.85</b>	109.48
(3) MAT credit entitlement		<b>121.84</b>	0.00
<b>IX. Profit (Loss) for the period before minority interest</b>		<b>5,386.06</b>	4,808.20
<b>X. Minority interest</b>		<b>14.83</b>	2.83
<b>XI. Profit (Loss) for the period</b>		<b>5,400.89</b>	4,811.03
<b>XII. Earnings per equity share:</b>			
Basic earnings per share (Rs.) (face value Rs. 10 per share)		<b>54.01</b>	48.11
Diluted earnings per share (Rs.) (face value Rs. 10 per share)		<b>54.01</b>	48.11

### See accompanying notes to the financial statements

As per our report of even date attached  
for VIPIN AGGARWAL & ASSOCIATES  
Chartered Accountants  
(Registration No. 014454N)

(VIPIN AGGARWAL)  
PARTNER  
MEMBERSHIP NO. : 016544

Place : New Delhi  
Dated : May 11, 2012

For and on behalf of the Board

(NARESH TAKKAR)  
MANAGING DIRECTOR & C.E.O.

(PK. CHOUDHURY)  
VICE-CHAIRMAN & GROUP C.E.O.

(VIJAY WADHWA)  
C.F.O. & CO. SECRETARY



## Notes forming part of the Financial Statements

(Rupees in lakh)

Particulars	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
<b>1. SHARE CAPITAL</b>		
AUTHORISED		
15,000,000 (previous year 15,000,000) equity shares of Rs. 10/- each	<b>1,500.00</b>	1,500.00
ISSUED, SUBSCRIBED AND FULLY PAID UP		
10,000,000 (previous year 10,000,000) equity shares of Rs. 10/- each fully paid up (Of the above, 9,06,000 shares of Rs. 10 each have been issued to the Employees Welfare Trust pursuant to an Employees Stock Options Scheme)	<b>1,000.00</b>	1,000.00
<b>(A) Reconciliation of number of shares</b>		
<b>Equity Shares</b>		
Opening balance (no. of shares)	<b>10,000,000</b>	10,000,000
Changes during the year (no. of shares)	<b>0</b>	0
Closing balance (no. of shares)	<b>10,000,000</b>	10,000,000
<b>(B) Rights, preferences and restrictions attached to shares</b>		
<b>Equity Shares</b>		
The Company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. 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, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.		
<b>(C) Shares held by holding company/ultimate holding company/by subsidiaries or associates of the holding company/ultimate holding company</b>		
	<b>0</b>	0
<b>(D) Shares held by each shareholder holding more than 5 per cent shares</b>		
<b>Name of the Shareholder</b>	<b>No. of Shares</b>	
	<b>As at March 31, 2012</b>	
	(As at March 31, 2011)	
i) Moody's Investment Company India Private Limited	<b>2,850,900</b> (2,850,900)	<b>285.09</b> <b>28.509%</b>
ii) State Bank of India	<b>999,900</b> (999,900)	<b>99.99</b> <b>9.999%</b>
iii) Life Insurance Corporation of India	<b>668,741</b> (668,086)	<b>66.87</b> <b>6.687%</b>
iv) Franklin Templeton Mutual Fund A/c Franklin India Prima Fund	<b>539,659</b> (25,000)	<b>53.97</b> <b>5.397%</b>
v) General Insurance Corporation of India	<b>522,999</b> (522,999)	<b>52.30</b> <b>5.230%</b>
vi) ICRA Employees Welfare Trust	<b>519,271</b> (587,534)	<b>51.93</b> <b>5.193%</b>
vii) Punjab National Bank	<b>501,646</b> (501,646)	<b>50.16</b> <b>5.016%</b>
<b>(E) For the period of five years (i.e. March 31, 2008 to March 31, 2012) immediately preceding the date as at which the Balance Sheet is prepared</b>		
i) Aggregate number of and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash	<b>0</b>	0
ii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares	<b>0</b>	0
iii) Aggregate number and class of shares bought back	<b>0</b>	0

<b>(Rupees in lakh)</b>		
<b>Particulars</b>	<b>As at March 31, 2012 Rs.</b>	<b>As at March 31, 2011 Rs.</b>
<b>2. RESERVES AND SURPLUS</b>		
a) Securities Premium Account		
- Opening balance	<b>6,511.23</b>	6,511.23
- Add: Received during the year	<b>428.14</b>	-
	<b>6,939.37</b>	6,511.23
b) Capital Redemption Reserve	<b>30.43</b>	-
c) General Reserve		
- Opening balance	<b>8,817.90</b>	8,367.90
- Add: Transferred from statement of profit and loss	<b>509.00</b>	450.00
	<b>9,326.90</b>	8,817.90
d) Employees Stock Options Outstanding		
- Opening balance	<b>2,951.53</b>	-
- Options granted during the year	-	2,980.74
- Options exercised during the year	<b>(428.14)</b>	-
- Options lapsed during the year	<b>(173.86)</b>	(29.21)
	<b>2,349.53</b>	2,951.53
Less: Deferred Employees Compensation		
- Opening balance	<b>(2,200.23)</b>	-
- Options granted during the year	-	(2,980.74)
- Options lapsed during the year	<b>173.86</b>	29.21
- Amortisation of deferred employees compensation	<b>1,291.99</b>	751.30
	<b>(734.38)</b>	(2,200.23)
	<b>1,615.15</b>	751.30
e) Surplus		
- Opening balance	<b>8,694.33</b>	6,353.30
- Transferred from statement of profit and loss	<b>5,400.89</b>	4,811.03
- Proposed dividend	<b>(2,000.00)</b>	(1,745.24)
- Corporate tax on proposed dividend	<b>(324.45)</b>	(275.78)
- Transferred to capital redemption reserve	<b>(30.43)</b>	-
- Transferred to general reserve	<b>(509.00)</b>	(450.00)
- Profit of erstwhile Axiom Technologies Ltd.	<b>30.46</b>	-
- Adjustment arising for amalgamation with Axiom	<b>(28.74)</b>	-
- Capital reserve on consolidation	-	1.02
	<b>11,233.06</b>	8,694.33
f) Foreign currency translation reserve	<b>16.42</b>	(69.95)
	<b>29,161.33</b>	24,704.81



<i>(Rupees in lakh)</i>		
Particulars	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
<b>3. Non-current liabilities</b>		
<b>(a) Other Long-term liabilities</b>		
Other than trade payables	40.06	37.72
	<b>40.06</b>	37.72
<b>(b) Long-term provisions</b>		
Provision for employee benefits	718.61	562.30
Others	26.35	25.42
	<b>744.96</b>	587.72
<b>4. Current liabilities</b>		
<b>(a) Trade payables</b>		
	<b>336.03</b>	256.03
<b>(b) Other current liabilities</b>		
Advance received from clients	1,022.99	1,046.09
Refund due to public offer applicants	0.45	0.45
Unclaimed dividend	5.89	4.96
Unearned revenue	1,634.17	1,291.10
Statutory dues	181.56	169.49
Other liabilities	353.25	395.54
	<b>3,198.31</b>	2,907.63
<b>(c) Short-term provisions</b>		
Provision for income tax (net of prepaid taxes)	0.08	213.89
Provision for wealth tax	0.24	0.61
Proposed dividend	2,000.00	1,745.24
Provision for corporate tax on proposed dividend	324.45	275.78
Provision for employee benefits	1,582.44	1,555.57
Others	41.51	20.16
	<b>3,948.72</b>	3,811.25

## Non-current assets

### 5. Fixed assets (Rupees in lakh)

Sr. No.	Particulars	GROSS				DEPRECIATION				NET CARRYING VALUE	
		As at April 1, 2011 Rs.	Additions Rs.	Disposals/ Adjustments Rs.	As at March 31, 2012 Rs.	Up to March 31, 2011 Rs.	For the period Rs.	Disposals/ Adjustments Rs.	Up to March 31, 2012 Rs.	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
<b>(i)</b>	<b>Tangible Assets</b>										
1	Buildings	1,956.03	0.00	0.00	<b>1,956.03</b>	810.67	57.27	0.00	<b>867.94</b>	<b>1,088.09</b>	1,145.36
2	Data Processing Equipment	1,111.62	205.32	(71.58)	<b>1,245.36</b>	808.00	161.02	(69.19)	<b>899.83</b>	<b>345.53</b>	303.62
3	Furniture and Fixtures	404.42	29.55	(1.61)	<b>432.36</b>	250.59	34.31	(1.51)	<b>283.39</b>	<b>148.97</b>	153.83
4	Office Equipment	242.69	26.70	(14.16)	<b>255.23</b>	120.71	22.62	(10.79)	<b>132.54</b>	<b>122.69</b>	121.98
5	Air Conditioners	122.91	2.81	(1.25)	<b>124.47</b>	47.26	10.67	(0.57)	<b>57.36</b>	<b>67.11</b>	75.65
6	Electrical Fittings	59.41	0.31	0.00	<b>59.72</b>	32.58	3.76	0.00	<b>36.34</b>	<b>23.38</b>	26.83
7	Vehicles	125.64	21.61	(15.56)	<b>131.69</b>	57.09	17.03	(8.59)	<b>65.53</b>	<b>66.16</b>	68.55
8	Leasehold Improvements	479.88	38.05	0.00	<b>517.93</b>	150.12	64.26	0.00	<b>214.38</b>	<b>303.55</b>	329.76
9	Time Sharing Sterling Holiday Resort	0.98	0.00	0.00	<b>0.98</b>	0.16	0.01	0.00	<b>0.17</b>	<b>0.81</b>	0.82
	Sub Total	4,503.58	324.35	(104.16)	<b>4,723.77</b>	2,277.18	370.95	(90.65)	<b>2,557.48</b>	<b>2,166.29</b>	2,226.40
<b>(ii)</b>	<b>Intangible Assets</b>										
1	Softwares	616.14	38.65	(43.34)	<b>611.45</b>	466.88	76.81	(43.21)	<b>500.48</b>	<b>110.97</b>	149.26
2	IMaCS' Risk Scorer & IMaCS' C-Cube	87.47	0.00	0.00	<b>87.47</b>	34.27	17.54	0.00	<b>51.81</b>	<b>35.66</b>	53.20
	Sub Total	703.61	38.65	(43.34)	<b>698.92</b>	501.15	94.35	(43.21)	<b>552.29</b>	<b>146.63</b>	202.46
<b>(iii)</b>	<b>Intangible assets under development</b>	0.00	45.77	0.00	<b>45.77</b>	0.00	0.00	0.00	0.00	<b>45.77</b>	0.00
	Total	5,207.19	408.77	(147.50)	<b>5,468.46</b>	2,778.33	465.30	(133.86)	<b>3,109.77</b>	<b>2,358.69</b>	2,428.86
	Previous Period	4,734.97	472.48	(0.26)	<b>5,207.19</b>	2,318.77	452.63	6.93	<b>2,778.33</b>	<b>2,428.86</b>	



## 6. Non-current Investments (At Cost)

Particulars	Face Value (Rupees)	Quantity	Quantity	Amount	Amount
		As at March 31, 2012 (Numbers)	As at March 31, 2011 (Numbers)	As at March 31, 2012 (Rs. in lakh)	As at March 31, 2011 (Rs. in lakh)
<b>1) Other Investments</b>					
<b>a) - Others—Quoted, Fully Paid Up</b>					
i Equity shares of CRISIL Limited	1	<b>3,000.000</b>	300.000	<b>0.15</b>	0.15
	(PY10)				
Sub-total (others)				<b>0.15</b>	0.15
Total (a)				<b>0.15</b>	0.15
<b>b) Mutual Funds—Quoted</b>					
<b>- In Balanced Mutual Funds</b>					
i ICICI Prudential Balanced Fund - Dividend	10	<b>0.000</b>	1,821,418.082	-	264.65
ii FT India Balanced Fund - Dividend Payout	10	<b>0.000</b>	3,149,114.671	-	637.97
iii DSP BlackRock Balanced Fund - Dividend Payout	10	<b>0.000</b>	2,008,566.089	-	400.00
iv HDFC Prudence Fund - Dividend, Option : Payout	10	<b>0.000</b>	1,491,777.728	-	469.00
v Birla Sun Life Freedom Fund - Dividend - Payout	10	<b>0.000</b>	495,049.505	-	100.00
vi SBI-Magnum Balanced Fund - Dividend Option - Payout	10	<b>0.000</b>	762,485.703	-	200.00
vii Tata Balanced Fund - Dividend	10	<b>0.000</b>	247,260.967	-	100.00
viii HDFC Prudence Fund - Dividend, Option : Payout	10	<b>159,632.207</b>	159,632.207	<b>50.00</b>	50.00
Sub total (Balanced Mutual Funds)				<b>50.00</b>	2,221.62
<b>- In Fixed Maturity Plans</b>					
i ICICI Prudential FMP Series 52-1 Year Plan A Cumulative	10	<b>0.000</b>	5,000,000.000	-	500.00
ii IDFC Fixed Maturity Plan-Thirteen Months Series 5-Growth	10	<b>0.000</b>	7,000,000.000	-	700.00
iii Kotak FMP 370 Days - Series 2 - Growth	10	<b>0.000</b>	7,000,000.000	-	700.00
iv DSP BlackRock FMP-12M-Series 11 - Growth	10	<b>0.000</b>	11,000,000.000	-	1,100.00
v Fidelity FMP - Series 4 - Plan E - Growth	10	<b>0.000</b>	10,000,000.000	-	1,000.00
vi Kotak FMP Series 28 - Growth	10	<b>0.000</b>	8,000,000.000	-	800.00
vii ICICI Prudential FMP Series 54-18 Months Plan A Cumulative	10	<b>8,000,000.000</b>	8,000,000.000	<b>800.00</b>	800.00
viii Reliance Fixed Horizon Fund - XVII Series 1-Growth Plan	10	<b>0.000</b>	5,000,000.000	-	500.00
ix Reliance Fixed Horizon Fund-XVI Series 3-Growth Plan	10	<b>0.000</b>	7,000,000.000	-	700.00
x Religare FMP - Series IV-Plan D (13 Months)-Growth Plan	10	<b>0.000</b>	7,000,000.000	-	700.00
xi Axis Fixed Term Plan - Series 13 (370 days) - Growth Plan	10	<b>0.000</b>	10,000,000.000	-	1,000.00
xii DSP BlackRock FMP-13M-Series 4 - Growth	10	<b>4,500,000.000</b>	4,500,000.000	<b>450.00</b>	450.00
xiii Fidelity FMP - Series 4 - Plan F - Growth	10	<b>0.000</b>	5,000,000.000	-	500.00
xiv Principal PNB Fixed Maturity Plan (FMP - 67) - 367 days - Series II - Regular Growth Plan	10	<b>0.000</b>	10,000,000.000	-	1,000.00
xv Reliance Fixed Horizon Fund - XIX - Series 11 - Growth Plan	10	<b>0.000</b>	5,000,000.000	-	500.00
xvi Religare FMP - Series IV-Plan F (368 Days)-Growth	10	<b>0.000</b>	8,000,000.000	-	800.00
xvii SBI Debt Fund Series - 370 Days - 11 - Growth	10	<b>5,000,000.000</b>	5,000,000.000	<b>500.00</b>	500.00
xviii Sundaram Fixed Term Plan AV 366 Days Growth	10	<b>0.000</b>	10,000,000.000	-	1,000.00
xix Tata Fixed Maturity Plan Series 30 Scheme A - Growth	10	<b>0.000</b>	10,000,000.000	-	1,000.00
xx Tata Fixed Maturity Plan Series 30 Scheme C - Growth	10	<b>9,000,000.000</b>	0.000	<b>900.00</b>	-
xxi L&T FMP - V (March367D A) - Growth	10	<b>4,999,990.000</b>	0.000	<b>500.00</b>	-
xxii AXIS Fixed Term Plan - Series 21 (394 Days)	10	<b>6,000,000.000</b>	0.000	<b>600.00</b>	-
xxiii Birla Sun Life Fixed Term Plan Series ES-Growth	10	<b>6,000,000.000</b>	0.000	<b>600.00</b>	-
xxiv DWS Fixed Maturity Plan Series 6 Growth Plan	10	<b>6,000,000.000</b>	0.000	<b>600.00</b>	-
xxv Reliance Fixed Horizon Fund - XXI - Series 9 - Growth	10	<b>5,999,990.000</b>	0.000	<b>600.00</b>	-
xxvi Birla Sun Life Fixed Term Plan Series EE-Growth	10	<b>10,000,000.000</b>	0.000	<b>1,000.00</b>	-
xxvii Fidelity Fixed Maturity Plan- Series 6- Plan F-Growth	10	<b>9,999,990.000</b>	0.000	<b>1,000.00</b>	-
xxviii HDFC FMP 400D February 2012 (1) - Growth Series XXI	10	<b>10,000,000.000</b>	0.000	<b>1,000.00</b>	-
xxix ICICI Prudential FMP - Series 61 - 1 Year Plan C Cumulative	10	<b>10,000,000.000</b>	0.000	<b>1,000.00</b>	-
xxx IDFC Fixed Maturity Plan - Yearly Series 61 - Growth	10	<b>9,999,990.000</b>	0.000	<b>1,000.00</b>	-
xxxi Kotak FMP Series 80 - Growth	10	<b>10,000,000.000</b>	0.000	<b>1,000.00</b>	-
xxxii ICICI Prudential FMP-Series 63-378 Days Plan I Cumulative	10	<b>9,999,990.000</b>	0.000	<b>1,000.00</b>	-
xxxiii DSP BlackRock FMP Series 38-12.5M - Growth	10	<b>12,000,000.000</b>	0.000	<b>1,200.00</b>	-
xxxiv Sundaram Fixed Term Plan CJ 366 Days Growth	10	<b>11,999,990.000</b>	0.000	<b>1,200.00</b>	-
xxxv JP Morgan India Fixed Maturity Plan Series 6 Growth	10	<b>15,000,000.000</b>	0.000	<b>1,500.00</b>	-
xxxvi Religare FMP-Series XII-Plan A-370 Days-Growth Plan	10	<b>16,422,970.000</b>	0.000	<b>1,642.30</b>	-
Sub total (Fixed Maturity Plans)				<b>18,092.30</b>	14,250.00

## Investments Contd...

## Non-Current Investments (At Cost)

Particulars	Face Value (Rupees)	Quantity	Quantity	Amount	Amount	
		As at March 31, 2012 (Numbers)	As at March 31, 2011 (Numbers)	As at March 31, 2012 (Rs. in lakh)	As at March 31, 2011 (Rs. in lakh)	
<b>- In Other Plans</b>						
i	HDFC High Interest Fund-Short Term Plan - Dividend, Option : Reinvest	10	0.000	1,976,394.051	-	209.51
ii	IDFC - SSIF - ST -Plan D - Growth	10	0.000	2,437,003.461	-	300.00
iii	LIC Nomura MF Savings Plus Fund - Growth Plan	10	0.000	4,123,090.753	-	600.00
iv	Reliance Short Term Fund-Retail Plan - Growth Plan	10	0.000	1,728,080.736	-	300.00
v	SBI Magnum Income Fund FR Savings Plus Bond Plan-Growth	10	2,826,395.710	2,826,395.710	400.00	400.00
vi	Templeton Floating Rate Income Fund Long Term Plan Institutional Option - Dividend Reinvestment	10	6,557,024.303	6,128,152.464	678.15	633.81
vii	Templeton India Short Term Income Retail Plan - Growth	1,000	0.000	10,929.201	-	200.00
Sub total (Other Plans)					1,078.15	2,643.32
Total (b)					19,220.45	19,114.94
Diminution due to change in carrying value of investments					(8.74)	(71.46)
Net investments (b)					19,211.71	19,043.48
Total (Non-current quoted Investments)					19,211.86	19,043.63
Aggregate market value of quoted investments					19,745.73	19,662.93



<b>(Rupees in lakh)</b>		
<b>Particulars</b>	<b>As at March 31, 2012 Rs.</b>	<b>As at March 31, 2011 Rs.</b>
<b>7. Long-term loans and advances</b>		
Loans to staff (secured, considered good)	<b>114.44</b>	81.92
Loan to ICRA Employees Welfare Trust (unsecured, considered good)	<b>1,274.46</b>	1,602.42
Security Deposits		
- Unsecured, considered good	<b>287.81</b>	254.54
- Unsecured, considered doubtful	<b>51.35</b>	51.55
Others (unsecured, considered good)	<b>149.52</b>	190.41
	<b>1,877.58</b>	2,180.84
Less: Provision for doubtful long-term loans and advances	<b>(51.35)</b>	(51.55)
	<b>1,826.23</b>	2,129.29

<b>8. Current Investments (At Cost)</b>						
<b>Particulars</b>	<b>Quantity As at March 31, 2012 (Numbers)</b>	<b>Quantity As at March 31, 2011 (Numbers)</b>	<b>Amount As at March 31, 2012 (Rs. in lakh)</b>	<b>Amount As at March 31, 2011 (Rs. in lakh)</b>		
	<b>Face Value (Rupees)</b>					
<b>Mutual Funds—Quoted</b>						
<b>- In Other Plans</b>						
i	Birla Sunlife Savings Fund Instl. - Growth	100.00	<b>391,856.06</b>	0.00	<b>800.00</b>	0.00
ii	JP Morgan India Treasury Fund - Super Inst. Growth Plan	10.00	<b>5,704,669.27</b>	0.00	<b>800.00</b>	0.00
iii	Reliance Money Manager Fund - Institutional Option - Growth Plan	1,000.00	<b>54,664.08</b>	0.00	<b>800.00</b>	0.00
iv	IDBI Ultra Short Term Fund - Growth	1,000.00	<b>90,298.26</b>	0.00	<b>1,000.00</b>	0.00
v	SBI SHF - Ultra Short Term Fund - Retail Plan - Growth	1,000.00	<b>74,365.48</b>	0.00	<b>1,000.00</b>	0.00
vi	Sundaram Ultra ST Fund Retail Growth	10.00	<b>37,167.81</b>	0.00	<b>5.00</b>	0.00
vii	Treasury Bill REPO Investment in National Savings Bank	0	<b>0.000</b>	1.000	<b>0.00</b>	80.80
	Total (Current investments)				<b>4,405.00</b>	80.80
	Aggregate amount of quoted investments				<b>4,405.00</b>	80.80
	Aggregate amount of unquoted investments				-	-
	Aggregate market value of mutual fund (quoted) investments				<b>4,465.14</b>	80.80

<b>(Rupees in lakh)</b>		
<b>Particulars</b>	<b>As at March 31, 2012 Rs.</b>	<b>As at March 31, 2011 Rs.</b>
<b>9. Trade receivables (Unsecured) over six months</b>		
- considered good due from others	<b>1,284.25</b>	872.73
- considered doubtful	<b>174.07</b>	239.49
	<b>1,458.32</b>	1,112.22
<b>Others</b>		
- considered Good due from Others	<b>2,414.95</b>	2,370.93
- considered Doubtful	<b>1.84</b>	25.27
	<b>2,416.79</b>	2,396.20
Total	<b>3,875.11</b>	3,508.42
Less: provision for doubtful trade receivables	<b>(175.91)</b>	(264.76)
	<b>3,699.20</b>	3,243.66
<b>10. Cash and cash equivalents</b>		
a) Balance with Banks	<b>5.89</b>	4.92
Unpaid dividend	<b>139.45</b>	128.11
Margin money	<b>1,674.57</b>	1,641.87
Bank deposits with more than 12 months maturity	<b>0.45</b>	0.45
Balance with bank payable to public offer applicants	<b>2.46</b>	5.42
b) Cheques, drafts on hand	<b>4.45</b>	4.96
c) Cash on hand	<b>587.33</b>	681.02
d) Current accounts	<b>1,670.82</b>	1,737.37
e) Bank deposits with less than 12 months maturity	<b>4,085.42</b>	4,204.12
	<b>70.45</b>	40.99
<b>11. Short-term loans and advances</b>		
Loans to staff (secured, considered good)	<b>866.72</b>	549.65
With others	<b>22.68</b>	28.79
- Unsecured, considered good	<b>408.54</b>	179.68
- Unsecured, considered doubtful	<b>1,368.39</b>	799.11
Prepaid taxes (net of provision)	<b>(22.68)</b>	(28.79)
	<b>1,345.71</b>	770.32
Less: provision for doubtful short-term loans and advances	<b>106.42</b>	109.72
	<b>88.02</b>	135.00
	<b>0.70</b>	-
	<b>-</b>	0.84
	<b>195.14</b>	245.56
<b>12. Other current assets</b>		
Interest accrued but not due on investments and deposits	<b>13,944.90</b>	12,905.06
Unbilled revenue	<b>2,517.00</b>	2,510.57
National tax credit	<b>1,760.13</b>	1,589.25
Miscellaneous expenditure	<b>2,459.85</b>	2,224.33
	<b>0.40</b>	19.52
	<b>63.89</b>	54.18
	<b>20,746.17</b>	19,302.91
<b>13. Revenue from Operations</b>		
Rating services fees	<b>13,944.90</b>	12,905.06
Consulting fees	<b>2,517.00</b>	2,510.57
Outsourced and information services	<b>1,760.13</b>	1,589.25
Professional and I.T. services etc.	<b>2,459.85</b>	2,224.33
Sales	<b>0.40</b>	19.52
Software services fees	<b>63.89</b>	54.18
	<b>20,746.17</b>	19,302.91



<b>(Rupees in lakh)</b>		
<b>Particulars</b>	<b>2011-12 Rs.</b>	<b>2010-11 Rs.</b>
<b>14. Other Income</b>		
Interest income	<b>324.40</b>	746.29
Dividend from subsidiary companies	<b>45.24</b>	2.74
Dividend income	<b>171.22</b>	272.28
Profit on sale/redemption of investments (net)	<b>1,349.94</b>	218.74
Profit on sale of assets (net)	<b>2.14</b>	1.01
Foreign exchange gain	<b>109.34</b>	16.13
Rental income	<b>3.72</b>	3.05
Reversal in diminution in carrying value of investments	<b>68.01</b>	1.91
Other non-operating income	<b>58.93</b>	21.91
	<b>2,132.94</b>	1,284.06
<b>15. Employee benefit expense</b>		
Salaries and allowances	<b>7,250.20</b>	6,216.11
Profit sharing	<b>1,128.89</b>	1,088.98
Contribution to provident fund	<b>329.01</b>	279.96
Amortisation of deferred employees compensation	<b>1,291.99</b>	751.30
Staff welfare expenses	<b>588.03</b>	444.27
Training and recruitment expenses	<b>80.66</b>	69.03
	<b>10,668.78</b>	8,849.65
<b>16. Finance cost</b>		
Interest expenses	<b>0.47</b>	0.07
	<b>0.47</b>	0.07
<b>17. Other Expenses</b>		
<b>a) Administrative Expenses</b>		
Rent	<b>561.47</b>	482.61
Rates and taxes	<b>41.19</b>	24.75
Repairs and maintenance - building	<b>0.15</b>	3.83
Repairs and maintenance - others	<b>277.56</b>	230.08
Communication expenses	<b>267.74</b>	251.04
Electricity and water expenses	<b>187.61</b>	164.83
Printing and stationery	<b>186.77</b>	159.68
Insurance charges	<b>32.26</b>	30.72
Books and periodicals	<b>37.72</b>	34.95
	<b>1,592.47</b>	1,382.49
<b>b) Others</b>		
Travelling and conveyance	<b>890.77</b>	806.82
Directors' sitting fees	<b>13.08</b>	12.56
Legal and professional charges	<b>877.07</b>	983.43
Conference and meeting expenses	<b>95.00</b>	136.43
Advertisement expenses	<b>38.95</b>	42.80
Auditors' remuneration and expenses	<b>12.31</b>	11.84
Business development expenses	<b>15.42</b>	16.71
Technical services	<b>26.17</b>	24.35
Bad debts written off (net of provisions)	<b>79.28</b>	310.78
Fees and subscription	<b>37.50</b>	33.69
Asset hire charges	<b>1.03</b>	-
Loss on sale of assets	<b>4.42</b>	12.28
Remuneration to non executive directors	<b>42.00</b>	35.00
Diminution due to change in carrying value of investments	<b>5.29</b>	8.83
Miscellaneous expenses	<b>90.71</b>	68.36
	<b>2,229.00</b>	2,503.88
<b>Total (Other Expenses)</b>	<b>3,821.47</b>	3,886.37

## 18. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### A. Principles of Consolidation:-

- The consolidated financial statements include the financial statements of ICRA Limited (the Company) and its subsidiaries (collectively referred as 'Group').
- The consolidated financial statements of the Company 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 transactions as laid down in Accounting Standard 21 on consolidated financial statements issued by the Institute of Chartered Accountants of India (ICAI).
- The significant accounting policies and the notes to the consolidated financial statements are intended to serve as a guide for better understanding of the Group's position. In this respect, the Group has disclosed such policies and notes as explain the required disclosure.
- The excess of the Group's portion of cost of investments over the net assets of subsidiary companies acquired as at the dates of investments has been recognised as "Goodwill on Consolidation". Similarly, excess of net assets over the cost of investment of a subsidiary company, as at the date of acquisition, has been recognised as "Capital Reserve on Consolidation".

### B. The Holding Company viz. ICRA's holdings in the subsidiary companies are as under:-

Name of the Company	Ownership in %
ICRA Management Consulting Services Limited	100% owned by ICRA Limited
ICRA Techno Analytics Limited	100% owned by ICRA Limited
ICRA Online Limited	100% owned by ICRA Limited
PT. ICRA Indonesia	99% owned by ICRA Limited
ICRA Lanka Limited	100% owned by ICRA Limited
ICRA Nepal Limited	Rs. 63.24 lakh invested towards subscription of 51% of equity shares. ICRA Nepal Limited had not allotted any shares by March 31, 2012.
ICRA Sapphire Inc.	100% owned by ICRA Techno Analytics Limited
IMaCS Virtus Global Partners, Inc. (IVGP)	66.67% owned by ICRA Management Consulting Services Limited
Pragati Development Consulting Services Limited	100% owned by ICRA Management Consulting Services Limited

All the subsidiary companies are incorporated in India except ICRA Sapphire Inc. and IMaCS Virtus Global Partners, Inc., which are incorporated in the USA, PT. ICRA Indonesia, which is incorporated in Indonesia, ICRA Lanka Limited, which is incorporated in Sri Lanka and ICRA Nepal Limited, which is incorporated in Nepal.

Minority Interest's share of net profit or loss of consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the Equity Shareholders of the Company. Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet as a separate item from liabilities and the shareholders' equity.

### C. Significant Accounting Policies:-

- Basis of Preparation:-** The Group adopts the accrual concept in the preparation of the accounts. The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.



b) **Revenue Recognition:-**

- i) Income from rating/grading Services is recognised when the ratings/gradings are assigned by the Rating/Grading Committee of the Company.
- ii) The Company charges surveillance fees for 12 months at a time on accepted ratings and such fees commence 1 year after the date of assigning of a rating and continue annually thereafter. Such income is recognised on the basis of time elapsed (ignoring fractions of months). Surveillance fees on the rating assignments of commercial paper, line of credit (Basel II), liquefied petroleum gas, superior kerosene oil, collective investment schemes and grading assignments become due and are recognised on completion of the surveillance exercise.
- iii) Income from consulting services is recognised in the year in which such assignments are completed. In the case of assignments which are in process at the end of the accounting year, the revenue is recognised on the basis of milestones achieved in accordance with the terms of agreement with respective clients and the related bills are raised accordingly.
- iv) Revenue from services consists of revenue earned from services performed for software development and consultancy, licensing and sub-licensing fees, annual maintenance charges for software support, web development and hosting which is recognised to the extent services are performed.
- v) Revenue from sales is recognised when delivery of the branded softwares is made and is booked net of trade discount.
- vi) Income from Information services is recognised as follows:-
  - Licence fees are recognised upfront.
  - Other charges are spread over the period of the respective contracts. Wherever combined invoices are raised, 60% of the invoice value is taken as Licence fees. Billed revenue relating to periods beyond the reporting date is carried forward as "deferred revenue".
- vii) **Software services:-** Revenue from software services is recognised on raising of Invoices on completion or reaching the stated milestones in accordance with agreements with clients. Billed revenue relating to periods beyond the reporting date is carried forward as "deferred revenue".
- viii) **Outsourced services:-** Income from outsourced services are recognised as follows:-
  - a) In respect of assignments of continuous nature like maintenance and management of data on raising of periodical invoices in accordance with agreements with clients.
  - b) In respect of specific assignments, on raising of invoices on completion or on reaching milestones deprived by agreements with clients".
  - c) Unbilled revenue at the end of the reporting period is recognised on the basis of the stage of completion as confirmed by the clients.
- ix) The dividend income from Investments in shares/units is recognised in the year in which the right to receive it crystallises. Interest income is recognised in the year it accrues.

c) **Fixed Assets:-** Fixed assets are stated at cost which consists of purchase price, duties and any directly attributable cost of bringing the asset to its working condition for intended use.

d) **Depreciation:-** Depreciation is provided on the written down value of assets at rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 (the "Act") except for leasehold improvements. The leasehold improvements are depreciated on the straight line method over the primary period of the leases or at the rates of depreciation prescribed under the Act for the straight line method, whichever is higher. The primary lease period for this purpose includes any lease period extendable at the discretion of the lessees. Individual assets whose cost does not exceed Rs 5,000 are depreciated in full in the year of acquisition. In all other cases, depreciation is provided on a pro-rata basis on assets acquired, sold or discarded during the year. This accounting policy is uniform in all companies of the Group with the following exceptions:-

- i) In the case of ICRA Techno Analytics Limited, computer software used for licensing is amortised on the straight line method over the useful life of the respective software subject to a maximum of thirty six months. Further, the assets represented by the depreciation on time share in sterling Holiday Resorts has been provided on the basis of the duration of the rights.
- ii) In the case of PT. ICRA Indonesia, depreciation on fixed assets is calculated on the straight line method to allocate their cost or revalued amount to residual values over their estimated useful lives as follows :

	year
Office equipment, furniture & fixtures	3-8
Leasehold improvements	8

- iii) In the case of ICRA Management Consulting Limited, "IMaCS' Risk Scorer" and "IMaCS' C-Cube" softwares, developed in house and having commercial use are capitalised as software and shown under "intangible assets". These are amortised over a period of 5 years.
- iv) In case of ICRA Online Limited, intangible assets comprising computer software acquired separately are measured and recognised at cost. Such assets generated internally are capitalised to capture all expenditure that can be directly attributed or allocated including overheads on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Expenditure over and above development costs as above are not capitalised and are recognised as expenses and reflected in the statement of profit and loss in the year in which the expenditure is incurred.

In such cases, intangible assets are amortised on the straight line basis over the estimated useful economic life of such assets. It is presumed that the useful economic life of computer software will not exceed three years from the date such assets are available for use. If there is a significant change in the expected pattern of economic benefits from the assets, the amortisation method is changed to reflect the changed pattern.

- e) **Impairment of Assets:-** At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, an impairment loss, i.e. the amount by which the carrying amount of assets exceeds its estimated recoverable amount, is provided in the books of account.
- f) **Investments:-** Investments which are readily realisable and intended to be held for not more than one year from the date of which such investments are made, are classified as current investments. All other investments are classified as non-current investments. Current Investments are stated at lower of cost and fair market value. Long term Investments are stated at cost. Provision for diminution in case of long term investments is made if the decline in value is other than temporary in nature.
- g) **Employees' Benefits:-** Employees' benefits are provided by way of contributions to separate provident fund and pension schemes and accounting provisions for leave encashment and gratuity. Contribution to the provident fund scheme is deposited in accordance with the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Liabilities for gratuity and leave encashment are provided on the basis of actuarial valuations at the year end and by management estimates for interim periods keeping in view the last actuarial valuation.
- h) **Employees Stock Option Scheme (ESOS):-** The accounting value of stock options is determined on the basis of "intrinsic value" representing the excess of the market price on the date of grant over the exercise price of the options granted under the ESOS of the Company. Accounting value is being amortised as "deferred employees' compensation" on a straight-line basis over the vesting period in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note No. 18 "Share Based Payments" issued by the ICAI.



- i) **Assets on Lease:-**
- i) Owned assets given under operating leases are included in fixed assets. Depreciation in respect of these assets is recognised as an expense and related income as credits in the profit and loss statement.
  - ii) The assets taken on operating lease are not capitalised in the books of the Company and lease payments are charged to the Profit and Loss Account. Lease income on sharing of such assets with other companies is recognised in the Profit and Loss Account.
- j) **Miscellaneous Expenditure:-** Miscellaneous Expenditure is fully charged to Profit and Loss Account during the year in which it is incurred.
- k) **Taxes on Income:-** Provision for taxation for the year is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income Tax Act, 1961 or the laws applicable in other tax jurisdictions as the case may be. Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originates in one period and is capable of reversal in one or more subsequent periods.
- l) **Foreign Currency Transactions:-**
- i) Transactions in foreign currencies are accounted for at the rates of exchange prevailing on the dates of the transactions. The gains or losses arising out of subsequent fluctuations on the date of the balance sheet or settlement before that date are charged to the profit and loss account.
  - ii) For the purpose of consolidation, foreign operations of the subsidiaries, being "non-integral operations" in terms of Accounting Standard - 11 (The Effects of Changes in Foreign Exchange Rates), income and expenses are translated at monthly average rates and the assets and liabilities are stated at the closing rate. The net impact of such changes is disclosed under Foreign Currency Translation Reserve.
- m) **Capital Work in Progress:-**
- i) Capital work in progress represents expenditure incurred on development of various items of software to be licensed, which are under development, at the end of the accounting year. On completion of development of such software, the cost incurred is capitalised as "intangible assets".
  - ii) Software developed in-house and for commercial use are capitalised as software and shown under "intangible assets". These are amortised over a period of 5 years.

#### D. Notes to Accounts:-

	<b>As at March 31, 2012 (Rs. in lakh)</b>	As at March 31, 2011 (Rs. in lakh)
<b>1 Contingent liabilities and capital commitments:-</b>		
<b>(1) Contingent liabilities not provided for are as under:-</b>		
i) Claims against the Company disputed and not acknowledged as debts	<b>12.85</b>	12.92
ii) Guarantees given by Banks against counter guarantees of the Company	<b>373.04</b>	333.61
iii) Disputed income tax demands	<b>300.80</b>	286.79
<b>Total</b>	<b>686.69</b>	633.32

The Group companies have taken the necessary steps to protect the position of each company in respect of all disputed claims and have received competent legal advice to the effect that no provisions are required against these claims. The guarantees have been given in the ordinary course of business and are not likely to result in any liability.

**(2) Other commitments:-**

i) Estimated amount of contracts remaining to be executed on capital account and not provided for (advance given Rs. 10 lakh)	<b>0.00</b>	26.04
<b>Total</b>	<b>0.00</b>	26.04

2. Pursuant to a scheme of amalgamation (the scheme) of the erstwhile AXIOM with the Company as approved by the members, secured creditors and unsecured creditors in their meetings held on February 15, 2011 and subsequently sanctioned by the Hon'ble High Court at Calcutta vide its order dated December 12, 2011 which became effective on December 14, 2011, the assets, liabilities and reserves of erstwhile AXIOM stand transferred to and vested in the Company with effect from the transfer date i.e. April 1, 2010. Accordingly the scheme has been given effect to in these accounts.
3. The amalgamation has been accounted for under the "pooling of interest" method as prescribed by Accounting Standard – 14 on "Accounting for Amalgamations". Accordingly, the assets, liabilities and reserves of the erstwhile AXIOM as at April 1st, 2010 along with subsequent additions/deletions up to March 31st, 2011 have been transferred in accordance with the said scheme. The profits of the amalgamating company during the period April 1st, 2010 to March 31st, 2011 have been transferred to the general reserve of the Company. Current year transactions are duly incorporated in the books of the Company.
4. As required under the Micro, Small and Medium Enterprises Development Act, 2006, the disclosure related to Trade Payables (under Note - 4 of "Current Liabilities") is based on the information received from the Suppliers to the Company. Payable to MSME at the end of the period is Rs. NIL (previous period Rs. NIL).
5. Pursuant to the resolution passed by the shareholders at the annual general meeting held on June 12, 2006 for the grant of options, 9,06,000 equity shares amounting to 9.06% of the equity share capital of the Company have been issued to the ICRA Employees Welfare Trust for grant of options to the eligible employees. Accordingly, the ICRA Employees Welfare Trust has granted stock options to those eligible employees from the pool of 9,06,000 equity shares in two tranches so far. The first tranche was granted during 2006-07 and the second during 2010-11. 3,18,466 options were exercised till March 31, 2011 and 68,263 options were exercised during the year under review.
6. During the year, the Company acquired an additional 4,10,818 equity shares of PT. ICRA Indonesia (a subsidiary company) at the par value of IDR 10,000 each, equivalent to Rs. 225.92 lakh (Previous Year 2,47,500 equity shares equivalent to Rs. 127.76 lakh).
7. During the year, the Company acquired 13,48,900 equity shares of ICRA Lanka Ltd. (a wholly owned subsidiary company) at the par value of LKR 10 each, equivalent to Rs. 62.89 lakh (Previous Year 25,00,000 equity shares equivalent to Rs. 102.35 lakh).
8. During the year, the Company invested Rs. 63.24 lakh (previous year nil) in ICRA Nepal Limited to acquire its shares of the face value of Nepalese Rupees 100 each at par value. ICRA Nepal Limited had not allotted any shares by March 31, 2012.



9. **Segment Reporting:-**

**Segmentwise Revenues and Results**

Particulars	2011-12 (Rs. in lakh)	2010-11 (Rs. in lakh)
<b>Segment Revenues</b>		
a) Rating services	<b>13,944.90</b>	12,905.06
b) Consulting services	<b>2,517.00</b>	2,510.57
c) Outsourced and Information services	<b>1,760.13</b>	1,589.25
d) Professional and I.T. Services etc.	<b>2,524.14</b>	2,298.03
Segment total	<b>20,746.17</b>	19,302.91
<b>Segment Results</b>		
a) Rating services	<b>6,624.08</b>	6,812.50
b) Consulting services	<b>187.46</b>	395.87
c) Outsourced and Information services	<b>214.45</b>	276.57
d) Professional and I.T. Services etc.	<b>248.61</b>	135.93
Total of all segments	<b>7,274.60</b>	7,620.87
Non-operating income over expenses	<b>1,108.35</b>	227.05
Depreciation	<b>(465.30)</b>	(452.63)
Profit before interest, prior period adjustments and tax	<b>7,917.65</b>	7,395.29
Interest paid	<b>(0.47)</b>	(0.07)
Profit before prior period adjustments and tax	<b>7,917.18</b>	7,395.22
Prior period adjustments (Net)	<b>-</b>	2.43
Profit before tax	<b>7,917.18</b>	7,397.65
Provision for tax	<b>(2,531.12)</b>	(2,589.45)
Profit after tax	<b>5,386.06</b>	4,808.20

**Note:** Fixed assets used in the Group's business or liabilities contracted have not been identified to the reportable segments as the fixed assets and services are used interchangeably.

10. **Earning Per Share:-**

Particulars	2011-12 (Rs. in lakh)	2010-11 (Rs. in lakh)
Profit after tax	5,401	4,811
Number of shares outstanding at the end of the period (face value Rs. 10 per share)	1,00,00,000	1,00,00,000
Basic earning per share (Rs.) (face value Rs. 10 per share)	54.01	48.11
Diluted earning per share (Rs.) (face value Rs. 10 per share)	54.01	48.11
Cash earning per share (Rs.) (face value Rs. 10 per share)	71.58	60.15
(The earning per share has been calculated on the weighted average basis.)		
(Cash EPS is computed after considering Depreciation and Amortisation of Deferred Employees Compensation.)		

11. **Provision for taxes has been arrived at as follows:-**

Current income tax	(2,681.45)	(2,667.01)
Deferred tax	47.85	109.48
Wealth tax	(0.24)	(0.61)
Income tax for previous year	(19.12)	(31.31)
MAT credit entitlement	121.84	-
	(2,531.12)	(2,589.45)

12. **The Deferred Tax Liability/(Asset) consists of the following:-**

Particulars	As at March 31, 2012 (Rs. in lakh)	As at March 31, 2011 (Rs. in lakh)
Depreciation	(162.45)	(207.16)
Preliminary Expenses	83.04	95.90
Provision for gratuity	97.07	120.79
Provision for leave encashment	48.25	60.86
Provision for doubtful debts	35.78	49.35
Provision for doubtful loans and advances	8.05	9.50
Diminution due to change in carrying value of investments	9.21	23.76
Disallowance under the Income Tax Act, 1961	37.64	31.48
Provision for doubtful Out of Pocket Expenses	0.05	0.75
Fiscal Loss	103.82	22.99
	260.46	208.22



### 13. Related Party Disclosure:-

<b>Name and Relationship</b>	<b>Name of the Company</b>	<b>Nature of Transaction</b>	<b>2011-12 (Rs. in lakh)</b>	2010-11 (Rs. in lakh)
Mr. P.K. Choudhury (Whole-time Director)	ICRA Limited	Managerial remuneration	<b>196.90</b>	196.29
Mr. Naresh Takkar (Whole-time Director)	ICRA Limited	Managerial remuneration	<b>174.36</b>	179.60
Mr. R. Raghuttama Rao (Whole-time Director)	ICRA Management Consulting Services Limited	Managerial remuneration	<b>75.01</b>	76.63
Mr. Prateep Kumar Guha (Whole-time Director)	ICRA Techno Analytics Limited	Managerial remuneration	<b>45.80</b>	43.35
Ms. Sushmita Ghatak (Chief Operating Officer)	ICRA Online Limited	Managerial remuneration Loan	<b>43.61</b> <b>14.96</b>	38.95 2.96
Mr. Rajesh Dubey (Executive Director)	ICRA Online Limited	Managerial remuneration	<b>21.53</b>	34.15
Ms. Minon Almasyhur (Whole-time Director)	PT. ICRA Indonesia	Managerial remuneration	<b>55.74</b>	51.42
Mr. W. Don Barnabas (Whole-time Director)	ICRA Lanka Limited	Managerial remuneration	<b>14.64</b>	N.A.

**14. Operating Leases:-**

The Company has taken certain premises under operating lease. The Company shares leased and owned premises with other companies from whom it receives rent in accordance with mutually agreed arrangements.

**a) Details of payments and future commitments are as under:-**

	<b>2011-12</b> <b>(Rs. in lakh)</b>	2010-11 (Rs. in lakh)
Lease payment recognised in the Statement of Profit and Loss	<b>578.17</b>	553.39

**Future minimum lease payments:-**

	<b>March 31, 2012</b> <b>(Rs. in lakh)</b>	March 31, 2011 (Rs. in lakh)
Not later than one year	<b>523.26</b>	462.97
Later than one year but not later than 5 years	<b>1,698.31</b>	1,824.66
Later than 5 years	<b>1,146.01</b>	1,430.70
	<b>3,367.58</b>	3,718.33

**b) Details of sub-lease receipts are as under:-**

	<b>2011-12</b> <b>(Rs. in lakh)</b>	2010-11 (Rs. in lakh)
Sub-lease receipts recognised in the Statement of Profit and Loss	<b>2.63</b>	2.63

**Future minimum sub-lease receipts:-**

	<b>March 31, 2012</b> <b>(Rs. in lakh)</b>	March 31, 2011 (Rs. in lakh)
Not later than one year	-	42.06
Later than one year but not later than 5 years	-	168.23
Later than 5 years	-	16.12
	-	226.41

15. Figures are expressed in lakhs of rupees.

16. The financial statements for the year ended March 31, 2012 have been prepared in accordance with the requirements of the revised schedule VI to the Companies Act, 1956. The previous year figures have been regrouped/reclassified wherever considered necessary to make them comparable with those of the current year. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

As per our report of even date attached  
for VIPIN AGGARWAL & ASSOCIATES  
Chartered Accountants  
(Registration No. 014454N)

For and on behalf of the Board

(VIPIN AGGARWAL)  
PARTNER  
MEMBERSHIP NO. : 016544

(NARESH TAKKAR)  
MANAGING DIRECTOR & C.E.O.

(P.K. CHOUDHURY)  
VICE-CHAIRMAN & GROUP C.E.O.

Place : New Delhi  
Dated : May 11, 2012

(VIJAY WADHWA)  
C.F.O. & CO. SECRETARY



## CASH FLOW STATEMENT FOR 2011-12

(Rs. in lakh)

Particulars	2011-12 Increase/(Decrease)	2010-11 Increase/(Decrease)
<b>A. Cash Flow from Operating Activities:</b>		
<b>Profit Before Taxation from ordinary activities</b>	<b>7,917.18</b>	7,397.65
<b>Adjustments for:</b>		
Depreciation and amortisation	465.30	452.63
Provision for employee benefits	183.18	1,520.94
(Profit)/Loss on sale of fixed assets (Net)	2.28	4.04
(Profit)/Loss on sale of Investments (Net)	(1,349.94)	(218.74)
Interest received on deposits and securities	(324.40)	(746.29)
Dividend income	(216.46)	(275.02)
Non-operating income (other than interest and dividend)	(171.99)	(41.09)
Interest Paid on Loans	0.47	0.07
Income accrued but not due	50.42	(3.53)
Reversal in diminution in carrying value of Investments	(68.01)	(1.91)
Provision for diminution in value of investments	5.29	8.83
Amortisation of deferred employees compensation	1,291.99	751.30
Adjustment for securities premium for options exercised during the year	(428.14)	-
<b>Operating Profit before Working Capital changes</b>	<b>7,357.17</b>	<b>8,848.88</b>
<b>Adjustments for:</b>		
Trade receivables	(455.54)	417.48
Loans & advances	(338.16)	(1.21)
Sundry deposits	(33.27)	109.20
Trade payables	80.00	(108.14)
Advances	(23.10)	320.40
Other liabilities	337.47	(2,344.34)
<b>Cash generated from/(used in) Operations</b>	<b>6,924.57</b>	<b>7,242.27</b>
<b>Taxes paid (net)</b>	<b>(3,026.40)</b>	(2,470.28)
<b>Net cash generated from/(used in) operating activities (A)</b>	<b>3,898.17</b>	<b>4,771.99</b>

Contd...

(Rs. in lakh)

Particulars	2011-12 Increase/(Decrease)	2010-11 Increase/(Decrease)
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of fixed assets	(408.77)	(472.48)
Sale proceeds from fixed assets	11.36	3.15
Investments made during the period	(20,791.64)	(12,470.79)
Sale proceeds from investments	17,711.87	1,023.47
Loan repaid by ICRA Employees Welfare Trust	327.96	629.81
Interest received on deposits and securities	324.40	746.29
Dividend income	216.46	275.02
Other income	171.99	41.09
Goodwill on acquisition of subsidiaries	(78.43)	2.61
Foreign currency translation reserve	86.18	(8.33)
Capital reserve on consolidation	(1.02)	(0.46)
<b>Net cash generated from/(used in) Investing Activities (B)</b>	<b>(2,429.64)</b>	<b>(10,230.62)</b>
<b>C. Cash Flow from Financing Activities:</b>		
Increase in securities premium	428.14	-
Unpaid dividend	0.93	1.40
Interest paid on loans	(0.47)	(0.07)
Minority interest	5.19	(2.44)
Dividend and corporate dividend tax paid	(2,021.02)	(1,985.09)
<b>Net cash generated from/(used in) financing activities (C)</b>	<b>(1,587.23)</b>	<b>(1,986.20)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(118.70)</b>	<b>(7,444.83)</b>
Cash and cash equivalents (opening balance)	4,204.12	11,648.95
Cash and cash equivalents (closing balance)	4,085.42	4,204.12
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(118.70)</b>	<b>(7,444.83)</b>
As per our report of even date attached for VIPIN AGGARWAL & ASSOCIATES Chartered Accountants (Registration No. 014454N)		For and on behalf of the Board
(VIPIN AGGARWAL) PARTNER MEMBERSHIP NO. : 016544	(NARESH TAKKAR) MANAGING DIRECTOR & C.E.O.	(P.K. CHOUDHURY) VICE-CHAIRMAN & GROUP C.E.O.
Place : New Delhi Dated : May 11, 2012	(VIJAY WADHWA) C.F.O. & CO. SECRETARY	

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies for the year ended March 31, 2012

(Rs. in lakh)

1.	Name of the Subsidiary Company	ICRA Management Consulting Services Limited (IMaCS)	ICRA Techno Analytics Ltd.	ICRA Online Limited	PT. ICRA Indonesia	ICRA Lanka Limited	ICRA Nepal Limited	Pragati Development Consulting Services Limited (PDCSL)	IMaCS Virtus Global Partners, Inc. (IVGP)	ICRA Sapphire Inc.
2.	Financial year of the Subsidiary ended on	March 31, 2012	March 31, 2012	March 31, 2012	December 31, 2011 (See Note 1)	March 31, 2012	See Note (2)	March 31, 2012	March 31, 2012	March 31, 2012
3.	Holding Company's share in Equity Share Capital	100%	100%	100%	99%	100%		100% (PDCSL is a 100% subsidiary of IMaCS)	66.67% (IMaCS holds 66.67% Equity Share in IVGP)	100% holding by ICRA Techno Analytics Limited
4.	Net aggregate amount of the Profits of the subsidiary not dealt with in the Holding Company's accounts. (i) Profits/(Losses) for the Current Financial Year of the Subsidiary Company (ii) Profits/(Losses) for the Previous Financial Year of the Subsidiary Company, since it became the subsidiary of ICRA	159.59 250.63	356.03 277.64	63.90 332.53	(188.07) (183.01)	(57.65) (11.78)	(5.22) 0	4.26 0	(38.88) (7.72)	3.13 (29.86)
5.	Net aggregate amount of the Profits of the subsidiary dealt with in the Holding Company's accounts. (i) For the Current Financial Year of the Subsidiary Company (ii) For the Previous Financial Year of the Subsidiary Company, since it became the subsidiary of ICRA	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
6.	Details of material changes occurred between the end of the financial year of the subsidiary and the end of the holding company's financial year in respect of (i) Purchase of Equity Shares of Subsidiary from erstwhile Shareholder (ii) Investment in Equity Shares of Subsidiary	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil

Notes:-  
 (1) The financial year of PT. ICRA Indonesia ends on December 31. However, the above details are as on March 31, 2012.  
 (2) ICRA Nepal Limited was incorporated on November 11, 2011. The Financial Year of ICRA Nepal Limited is from July 16 of each year to July 15 of the following year. ICRA Nepal Limited did not start any commercial activity during the year ended March 31, 2012. ICRA Nepal Limited had not allotted any shares by March 31, 2012. The above details are as on March 31, 2012.

For and on behalf of the Board

(NARESH TAKKAR)  
MANAGING DIRECTOR & C.E.O.

(P.K. CHOUDHURY)  
VICE-CHAIRMAN & GROUP C.E.O.

Place : New Delhi  
Dated : May 11, 2012

(VIJAY WADHWA)  
C.F.O. & CO. SECRETARY

**Statement containing brief financial details of Subsidiary Companies as on March 31, 2012**

*(Rs. in lakh)*

1	Name of the Subsidiary Company	ICRA Management Consulting Services Limited (IMaCS)	ICRA Techno Analytics Ltd.	ICRA Online Limited	PT. ICRA Indonesia	ICRA Lanka Limited	ICRA Nepal Limited	IMaCS Virtus Global Partners, Inc. (IVGP)	Pragati Development Consulting Services Limited (PDCSL)	ICRA Sapphire Inc.
2	<b>Country</b>	India	India	India	Indonesia	Sri Lanka	Nepal	USA	India	USA
3	<b>Reporting Currency</b>	INR	INR	INR	IDR	LKR	NPR	USD	INR	USD
4	<b>Exchange Rate</b>	1	1	1	0.00556	0.39722	0.62441	50.16	1	50.83
5	<b>Share Capital</b>	15,000,000 equity shares of Rs. 10/- each fully paid up	85,00,000 equity shares of Rs. 10/- each fully paid up	89,51,458 equity shares of Rs. 10/- each fully paid up	9,14,949 equity shares of IDR 10,000 each fully paid up	38,48,900 equity shares of LKR 10/- each fully paid up	See Note 4	75,000 equity shares fully paid up	50,000 equity shares of Rs. 10/- each fully paid up	1,66,666.67 equity shares fully paid up
6	<b>Reserves &amp; Surplus</b>	798.92	1173.28	396.43	(395.18)	(75.15)	(5.22)	(57.70)	4.26	(143.50)
7	<b>Total Assets</b>	2,755.52	2311.43	1,601.25	158.92	92.62	72.34	13.84	150.15	1175.24
8	<b>Total Liabilities</b>	2,755.52	2311.43	1,601.25	158.92	4.11	72.34	13.84	150.15	1175.24
9	<b>Investments other than Investment in Subsidiary</b>	41.26	0.00	0.00	-	-	-	0.00	0.00	0.00
10	<b>Turnover</b>	2,413.78	1798.44	2,207.18	39.30	2.77	-	69.93	100.82	1076.19
11	<b>Profit/(Loss) Before Taxation</b>	233.88	356.95	122.11	(276.01)	(56.84)	(5.22)	(38.88)	6.32	3.13
12	<b>Provision for Taxation</b>	(74.29)	(0.92)	58.21	87.94	(0.81)	-	0.00	(2.06)	0.00
13	<b>Profit After Taxation after Minority Interest</b>	159.59	356.03	63.90	(188.07)	(57.65)	-	(38.88)	4.26	3.13
14	<b>Proposed Dividend</b>	0.00	0.00	0.00	0.00	0.00	-	0.00	0.00	0.00

**Notes:-**

- Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31/03/2012.
- IDR denotes Indonesian Rupiah, LKR denotes Sri Lankan Rupee, NPR denotes Nepalese Rupee and USD denotes United States Dollar.
- The financial year of PT. ICRA Indonesia ends on December 31. However, the above details are as on March 31, 2012.
- ICRA Nepal Limited was incorporated on November 11, 2011. The Financial year of ICRA Nepal Limited is from July 16 of each year to July 15 of the following year. ICRA Nepal did not start any commercial activity during the year ended March 31, 2012. ICRA Nepal Limited had not allotted any shares by March 31, 2012. The above details are as on March 31, 2012.

For and on behalf of the Board

(NARESH TAKKAR)  
MANAGING DIRECTOR & C.E.O.

(P.K. CHOUDHURY)  
VICE-CHAIRMAN & GROUP C.E.O.

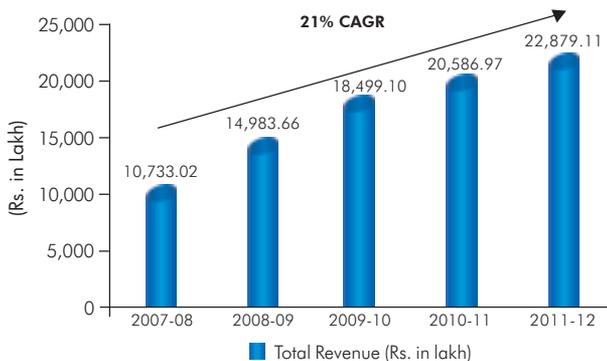
(VIJAY WADHWA)  
C.F.O. & CO. SECRETARY

Place : New Delhi  
Dated : May 11, 2012

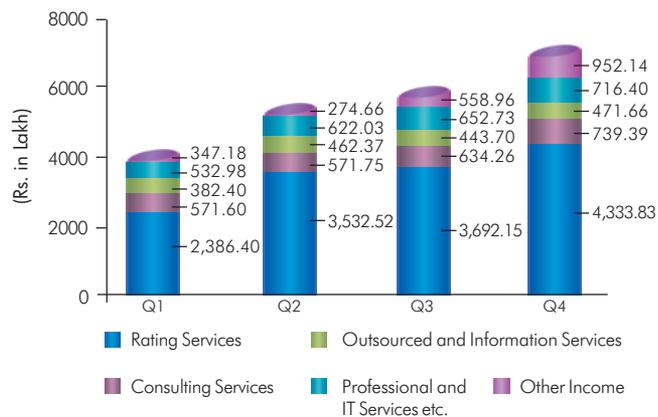


## Group ICRA: Selective Data/Ratio Analysis

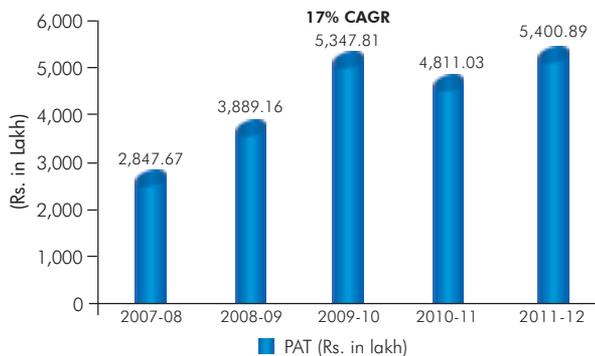
### Trend in Total Revenue



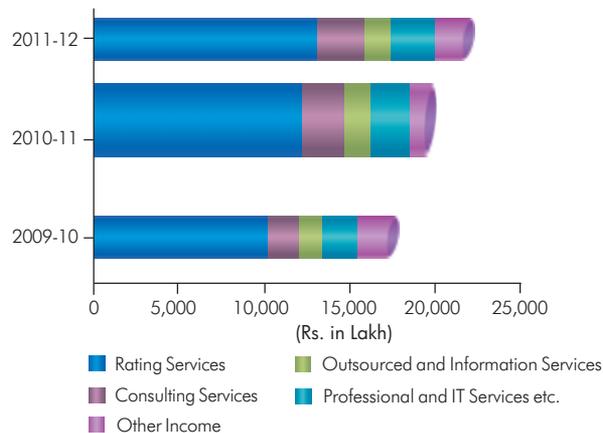
### Total Income 2011-12



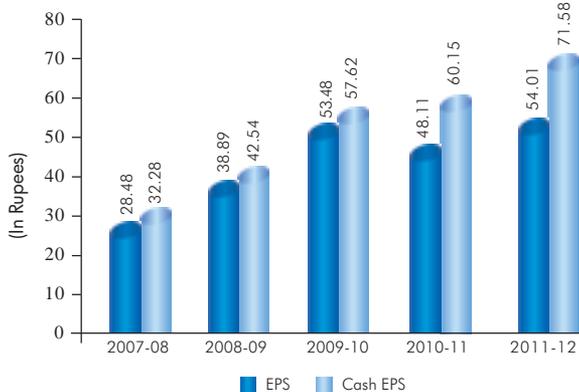
### Trend in Profit after Tax



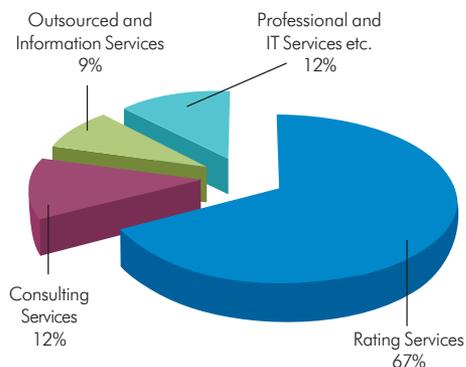
### Year-on-Year Total Income



### Trend in EPS and Cash EPS



### Segment-Wise Revenue 2011-12



## NOTICE

Notice is hereby given that the **Twenty-First** Annual General Meeting of the Members of **ICRA Limited** will be held on Friday, the 3<sup>rd</sup> day of August, 2012, at 15:00 hours at Air Force Auditorium, Subroto Park, New Delhi 110010, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012 and the Statement of Profit and Loss for the year ended as on that date, the Directors' Report and the Auditors' Report thereon.
2. To declare Dividend on the Equity Shares for the year ended March 31, 2012.
3. To appoint a Director in place of Mr. Frederic Walter Jacques Drevon, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Amal Ganguli, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration, and in this regard to consider, and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution** pursuant to Section 224A of the Companies Act, 1956:

**"RESOLVED THAT** pursuant to the provisions of Section 224A, and other applicable provisions, if any, of the Companies Act, 1956, M/s. Vipin Aggarwal & Associates, Chartered Accountants, (Registration No. 014454N), be and are hereby reappointed the Statutory Auditors of the Company to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration as may be agreed to between the Board of Directors and the Auditors of the Company."

### SPECIAL BUSINESS

6. To consider payment of remuneration to Non-Executive Directors of the Company by way of Commission and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 198 and 309, and other applicable provisions, if any, of the Companies Act, 1956, and other applicable laws and such statutory approvals as may be necessary, approval of the Members be and is hereby accorded, for a period not exceeding five financial years from the financial year ending March 31, 2013 onwards, to the proposal that the Non-Executive Director(s) of the Company on the Board, who are not in the whole-time employment of the Company, be paid, in addition to the sitting fees for attending the Meetings of the Board of Directors or any Committee thereof, remuneration by way of Commission of an aggregate amount not exceeding 1% of the net profits of the Company for each financial year or part thereof computed in the manner as specified under Section 198 (1) of the Companies Act, 1956, to be divided among those who would have been on the Board of Directors of the Company during the financial year concerned or in such manner as the Board of Directors deems fit.

**RESOLVED FURTHER THAT** the Vice-Chairman & Group CEO, the Managing Director & CEO, and the Company Secretary of the Company be and are hereby severally authorised to do all acts, deeds, matters and such other things as may be considered necessary, expedient, usual, incidental or proper to give effect to the above resolution."

Place: New Delhi  
Date: May 11, 2012

Registered Office:  
1105, Kailash Building, 11<sup>th</sup> Floor  
26, Kasturba Gandhi Marg  
New Delhi 110001

By Order of the Board of Directors  
For ICRA Limited

(Vijay Wadhwa)  
CFO & Company Secretary



## Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend the said meeting and vote on her/his behalf, and the proxy need not be a member of the Company.
2. A proxy form duly stamped and executed, in order to be effective, must reach the Registered Office of the Company not less than 48 hours before the time of commencement of the Annual General Meeting.
3. Corporate Members are requested to send to the Registered Office of the Company a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorising their representative to attend and vote at the Annual General Meeting.
4. Members/Proxy holders are requested to bring their attendance slip duly signed so as to avoid inconvenience.
5. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business under Item No. 6 above, is annexed hereto and forms a part of this Notice.
6. Members holding shares in the physical form are requested to send the advice about any change in their registered address, to the Company's Registrar and Share Transfer Agent, M/s. Link Intime India Private Limited, quoting their folio number. Members holding shares in the electronic form must send the advice about any change in their registered address or bank particulars to their respective Depository Participants and not to the Company.
7. The Ministry of Corporate Affairs (MCA), Government of India, through its Circulars dated April 21, 2011 and April 29, 2011, has allowed companies to send to their Members notices/ documents in the electronic form while complying with Section 53 of the Companies Act, 1956. ICRA Limited, being keen to participate in the "green initiative" of the MCA, proposes to email, this year onwards, its Annual Reports, Notice of AGMs, and other documents to all Members who have registered/register their email IDs with their Depository Participants/the Registrar and Share Transfer Agent. Accordingly, Members are requested to update/register their email IDs with their Depository Participants/the Registrar and Share Transfer Agent at the earliest. This will enable the Company send its Annual Report, Notice of AGM, and other documents to its Members in the electronic form. The Company will continue to send the said documents in the physical form to such Members whose email IDs it does not have and to those who request delivery of the said documents in the physical form.
8. To avoid loss of Dividend Warrants in transit and undue delay in respect of receipt of Dividend Warrants, the Company has provided a National Electronic Clearing Service (NECS) facility to its Members for remittance of Dividend. NECS is operational only for banks/bank branches that have implemented Core Banking System (CBS); these banks/bank branches provide bank account numbers with 10 or more digits to their customers. Members who wish to avail themselves of the NECS facility should therefore send the new bank account numbers, allotted by banks post-implementation of CBS, to the Company's Registrar and Share Transfer Agent, M/s. Link Intime India Private Limited, by filling up the NECS Mandate Form (Format enclosed) in case the shares are held in the physical form, or to their Depository Participants in case the shares are held in the electronic form, if they have not done so earlier.

## Notes:

9. Members desiring any information on the Accounts of the Company are requested to write to the Company at least 10 days prior to the date of the Annual General Meeting so as to enable the Company keep the information ready.
10. Members may write to the Company Secretary of the Company for the annual accounts of the Subsidiary Companies. The annual accounts of the Subsidiary Companies shall also be available for inspection by any Member at the Registered Office of the Company.
11. In all correspondence with the Company or with its Share Transfer Agent, Members are requested to quote their Client ID Number and their DP ID Number if the shares are held in the dematerialised form; in case the shares are held in the physical form, they must quote their folio number.
12. The Register of Members and Share Transfer Books of the Company shall remain closed from July 31, 2012 to August 2, 2012 (both days inclusive) for determining the names of Members eligible to receive the Dividend declared, if any, on the Equity Shares of the Company.
13. If the Shareholders approve the payment of Dividend at the forthcoming Annual General Meeting, the Dividend shall be paid to all those Members whose names appear in the Register of Members as on July 30, 2012, and to all those Members whose names appear as beneficial owners as per the details furnished by National Securities Depository Limited and Central Depository Services (India) Limited on the close of business hours as on that date.
14. Those Shareholders who have not yet encashed/claimed the Dividend of the Company for any/all of the financial years 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 are requested to encash/claim the same immediately. In terms of Section 205C of the Companies Act, 1956, the Company shall be required to transfer the unclaimed/unpaid Dividend of the Company on the expiry of seven years from the date it became due for payment, to the "Investor Education and Protection Fund", and subsequently, the Shareholders shall not have any right to claim the said Dividend from the Company or from the said Fund.

The details of the un-encashed/unclaimed Dividend for the Financial Years 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 as on March 31, 2012 are as under:

<b>Dividend for the year</b>	<b>Unclaimed/unpaid dividend as on March 31, 2012 (Rs.)</b>	<b>Due date of transfer to Investor Education and Protection Fund</b>
2006-07	89,248.50	July 27, 2014
2007-08	1,53,400.00	July 29, 2015
2008-09	89,784.00	August 4, 2016
2009-10	1,48,971.00	August 12, 2017
2010-11	1,07,627.00	August 12, 2018

15. The information required to be furnished under Clause 49 of the Listing Agreement about the Directors seeking reappointment is annexed hereto and forms a part of this Notice.



## Explanatory Statement

(Pursuant to Section 173(2) of the Companies Act, 1956)

### Item No. 6

The Board of Directors of the Company at its meeting held on April 9, 2008 had approved the payment of Commission, not exceeding, in aggregate, 1% of the net profit of the Company, to the Non-Executive Directors of the Company for a period not exceeding five financial years from the financial year ending March 31, 2008. Subsequently, the Members of the Company had, at the Seventeenth Annual General Meeting held on July 29, 2008, approved the said proposal for payment of Commission to the Non-Executive Directors. The aforesaid approval remained valid up to March 31, 2012, and it is now necessary to seek fresh approval of the Members for payment of Commission in future to the Non-Executive Directors of the Company.

The Company has been greatly benefiting from the valuable inputs provided by the Non-Executive Directors. Subsequent to the Listing of Shares of the Company on the Stock Exchanges, the demands on the Non-Executive Directors for the discharge of the oversight role, compliances in accordance with the best practices of Corporate Governance, and overall growth of the Company have increased very significantly. Further, the Non-Executive Directors are Members of various Committees constituted by the Board of Directors and offer expert advice and guidance on several matters.

At present, the Company pays its Non-Executive Directors a sitting fee of Rs. 20,000 (Rupees Twenty Thousand Only) for every meeting attended of the Board of Directors and Committees thereof. In addition, the Company pays the Non-Executive Directors Commission every financial year, with such Commission not exceeding, in aggregate, 1% of the net profits of the Company. The said Commission is distributed among the Non-Executive Directors of the Company in such a manner as is decided by the Board of Directors of the Company.

In this context, pursuant to the provisions of Sections 198 and 309, and other applicable provisions, if any, of the Companies Act, 1956, the Company may pay remuneration by way of Commission to a Non-Executive Director, or in case there is more than one such Director to all of them together, provided the aggregate Commission does not exceed 1% of the net profits of the Company.

Further, pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, all fees/compensation, if any, paid to Non-Executive Directors of the Company, shall be fixed by the Board of Directors and shall require the prior approval of the Shareholders at a general meeting.

The Board of Directors of the Company at its meeting held on May 11, 2012 has approved the proposal that, subject to Members' approval, Commission be paid every financial year to the Non-Executive Directors of the Company for a further period not exceeding five financial years from the financial year ending March 31, 2013, with such Commission not exceeding, in aggregate, 1% of the net profits of the Company, and the said Commission being distributed among the Non-Executive Directors of the Company, in such manner as may be decided by the Board of Directors of the Company as proposed in the resolution to be passed as a Special Resolution.

All the Directors of the Company except Mr. P.K. Choudhury and Mr. Naresh Takkar are concerned or interested in this resolution.

The Board of Directors of your Company recommends the Resolution at Item No. 6 for your approval.

Place: New Delhi  
Date: May 11, 2012

Registered Office:  
1105, Kailash Building, 11<sup>th</sup> Floor  
26, Kasturba Gandhi Marg  
New Delhi 110 001

By Order of the Board of Directors  
For ICRA Limited

(Vijay Wadhwa)  
CFO & Company Secretary

## Details of the Directors Seeking Reappointment at the Twenty-First Annual General Meeting Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges

Name of Director	Mr. Frederic Walter Jacques Drevon	Mr. Amal Ganguli
Date of Birth	June 2, 1967	October 17, 1939
Relationship with other Directors <i>inter se</i>	None	None
First Date of Appointment	April 9, 2008	March 30, 2006
Expertise in Specific Functional Areas	Structured Finance, General Management	Management and Internal Audit, Corporate and Management Reviews, Mergers and Acquisitions, International Income Tax, Joint Venture Structures and Agreement, Corporate Governance and Cross Border Investments, etc.
Qualifications	Graduated from HEC in France	F.C.A., England & Wales, F.C.A. (Fellow Member of The Institute of Chartered Accountants of India), Fellow, British Institute of Management, Alumnus-IMI (Geneva)-course on Strategy
No. of Equity Shares held in the Company	Nil	Nil
List of Other Companies in which Directorships are held	<ul style="list-style-type: none"> <li>• Moody's Investors Service Espana S.A.</li> <li>• Midroog Limited</li> <li>• Moody's Investors Service Limited</li> <li>• Moody's Holdings Limited</li> <li>• Moody's Holdings (BVI) Limited</li> <li>• Moody's Investors Service (BVI) Limited</li> <li>• Moody's Deutschland GmbH</li> <li>• Moody's Italia S.r.l.</li> <li>• Moody's Investors Service South Africa (Pty) Limited</li> <li>• Moody's Dubai (BVI) Limited</li> <li>• Moody's Interfax Rating Agency Limited (Russia)</li> <li>• Moody's South Africa (BVI) Limited</li> <li>• Moody's Indonesia (BVI) Limited</li> <li>• Moody's Group UK Limited</li> <li>• Moody's Group Deutschland GmbH</li> <li>• Moody's EMEA Limited</li> <li>• Moody's Group France SAS</li> <li>• Moody's Investors Service Cyprus Limited</li> <li>• Moody's France SAS</li> <li>• Moody's Shared Services UK Limited</li> <li>• Moody's Group (Holdings) Limited</li> </ul>	<ul style="list-style-type: none"> <li>• ML Infomap Private Limited</li> <li>• HCL Technologies Limited</li> <li>• New Delhi Television Limited</li> <li>• Century Textiles and Industries Limited</li> <li>• AVTEC Limited</li> <li>• Hughes Communications India Limited</li> <li>• Maruti Suzuki India Limited</li> <li>• Tata Communications Limited</li> <li>• AIG Trustee Company (India) Private Limited</li> <li>• Aricent Technologies (Holdings) Limited</li> <li>• Ascendas Property Fund Trustee Private Limited</li> <li>• Laurus Labs Private Limited</li> <li>• Tata Teleservices (Maharashtra) Limited</li> <li>• Triveni Turbines Limited</li> </ul>



Name of Director	Mr. Frederic Walter Jacques Drevon	Mr. Amal Ganguli
<b>List of Committees of the Board of Directors (across all companies) in which Chairmanship/ Membership is held*</b>	Nil	<p><b>Chairman</b></p> <ul style="list-style-type: none"> <li>• Audit Committee of Maruti Suzuki India Limited</li> <li>• Audit Committee of Tata Communications Limited</li> <li>• Audit Committee of New Delhi Television Limited</li> <li>• Audit Committee of Hughes Communications India Limited</li> <li>• Audit Committee of Aricent Technologies (Holdings) Limited</li> </ul> <p><b>Member</b></p> <ul style="list-style-type: none"> <li>• Audit Committee of Century Textiles and Industries Limited</li> <li>• Audit Committee of ICRA Limited</li> <li>• Audit Committee of HCL Technologies Limited</li> <li>• Audit Committee of Triveni Turbine Limited</li> <li>• Audit Committee of AIG Trustee Company (India) Private Limited</li> <li>• Audit Committee of Tata Teleservices (Maharashtra) Limited</li> </ul>

**\*Note:** Pursuant to Clause 49 of the Listing Agreement, only two committees, viz. Audit Committee and Shareholders'/Investors' Grievance Committee, have been considered.



**ICRA Limited**

Registered Office: 1105, Kailash Building, 11<sup>th</sup> Floor, 26, Kasturba Gandhi Marg, New Delhi 110 001

Schedule IX of the Companies Act, 1956  
[See Article 62 of the Table A and also Section 176 (6)]

**FORM OF PROXY**

Regd. Folio No. .... No. of Share(s) held .....

DP ID No. .... Client ID No. ....

I/We ..... of .....

being a Member/Members of ICRA Limited hereby appoint Mr./Ms. ....

of ..... or failing him/her Mr./Ms. ....

of .....

as my/our proxy to vote for me/us on my/our behalf at the Twenty-First Annual General Meeting of the Company to be held on Friday, the 3<sup>rd</sup> day of August, 2012, at 15:00 hours at Air Force Auditorium, Subroto Park, New Delhi 110 010, and at any adjournment thereof.

Signed this ..... day of ....., 2012 Signature of Member .....

Affix  
Revenue  
Stamp

**Note:** Proxies in order to be valid must be duly filled in, stamped, and signed and deposited at the Registered Office of the Company not less than 48 hours before the time of commencement of the meeting.



**ICRA Limited**

Registered Office: 1105, Kailash Building, 11<sup>th</sup> Floor, 26, Kasturba Gandhi Marg, New Delhi 110 001

**ATTENDANCE SLIP**

I hereby record my presence at the Twenty-First Annual General Meeting of the Company held on Friday, the 3<sup>rd</sup> day of August, 2012, at 15:00 hours at Air Force Auditorium, Subroto Park, New Delhi 110 010.

Full Name of the Member (in BLOCK LETTERS)

Regd. Folio No. .... No. of Share(s) held .....

DP ID No. .... Client ID No. ....

Full Name of the Proxy (in BLOCK LETTERS) .....

Member's/Proxy's Signature .....

**Note:** Please fill up this attendance slip and hand it over at the entrance of the meeting hall.

## NATIONAL ELECTRONIC CLEARING SERVICE (NECS) MANDATE FORM

IF SHARE(S) IS/ARE HELD IN PHYSICAL MODE:  
Please complete this form and send it to the  
Registrar at the following address:

**LINK INTIME INDIA PRIVATE LIMITED**  
**UNIT: ICRA Limited**  
**A-40, 2<sup>nd</sup> Floor, Naraina Industrial Area,**  
**Phase-II, Near Batra Banquet Hall,**  
**New Delhi 110 028**  
**Email ID: delhi@linkintime.co.in**

IF SHARE(S) IS/ARE HELD IN  
ELECTRONIC MODE:

Please complete this form and send it to the  
Depository Participant concerned

Dear Sir/Madam,

### Change in Mode of Payment to NECS

I hereby consent to have the amount of dividend on my equity share(s) credited through the National Electronic Clearing Service [NECS] facility. The particulars are:

1. Folio No./Client ID No./DP ID No.: .....  
*(Folio No. given in equity share certificate(s)/customer ID No. given by your DPs)*
2. Shareholder's Name : Mr./Ms./M/s.: .....
3. Shareholder's Address: .....  
.....
4. Shareholder's Email ID: .....
5. Particulars of the Bank:
  - Bank Name: .....
  - Branch Name and Address: .....
  - Telephone Number of Bank: .....
  - The nine-digit Code Number of the Bank and Branch appearing on the MICR Cheque issued by the Bank:  
.....  
*(Please attach a photocopy of a cheque or a cancelled Bank cheque issued by your Bank for verifying the accuracy of the code number)*
  - Account Type (please ✓): Savings  Current  Cash Credit
  - Account Number (as appearing on the cheque book): .....
6. Date from which the Mandate should be effective: .....

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information being furnished by me, I would not hold the Company/Registrar & Share Transfer Agent of the Company responsible. I also undertake to inform the Company/Registrar & Share Transfer Agent in writing, of any change in the particulars of my account to facilitate update of records for the purpose of credit of the dividend amount through NECS.

\_\_\_\_\_  
Signature of the first/sole Shareholder

*Certified that the particulars furnished above are correct as per our records.*

Bank's Stamp

Date:

(.....)  
Signature of the authorised official of the Bank

#### ICRA MANAGEMENT CONSULTING SERVICES LIMITED

##### Registered Office

1105, Kailash Building, 11<sup>th</sup> Floor  
26, Kasturba Gandhi Marg  
New Delhi 110001  
Tel.: (91-11) 23357940-50  
Fax: (91-11) 23357014

##### Corporate Office

Logix Park, 1<sup>st</sup> Floor  
Tower A4 & A5, Sector - 16  
Noida 201301 (U.P.)  
Tel.: (91-120) 4515800  
Fax: (91-120) 4515850  
Web: www.imacs.in

#### IMaCS VIRTUS GLOBAL PARTNERS, INC.

##### Registered Office

2711, Centerville Road  
Suite 400, City of Wilmington  
Country of New Castle  
DE 19808, USA  
Web: www.ivgpartners.com

#### PRAGATI DEVELOPMENT CONSULTING SERVICES LIMITED

##### Registered Office

1105, 11<sup>th</sup> Floor, Kailash Building  
26, Kasturba Gandhi Marg  
New Delhi 110001  
Tel.: (91-11) 23357940-50  
Fax: (91-11) 23357014

##### Corporate Office

Logix Park, 1<sup>st</sup> Floor  
Tower A-4 & A-5, Sector - 16  
Noida 201 301 (U.P.)  
Tel: (91-120) 4101337  
Fax: (91-120) 4103328

#### ICRA TECHNO ANALYTICS LIMITED

##### Registered Office

FMC Fortuna, A-10 & 11  
3<sup>rd</sup> Floor, 234/3A, A.J.C. Bose Road  
Kolkata 700 020  
Tel.: (91-33) 22876617/8839/22800008/22831411  
Fax: (91-33) 22870728

##### Corporate Office

7<sup>th</sup> Floor, Convergence Contact Centre  
Plot D 2/2, Block EP & GP, Sector V, Salt Lake  
Kolkata 700091  
Tel.: (91-33) 40097800  
Fax: (91-33) 40097801  
Web: www.icteas.com

#### ICRA SAPPHIRE INC.

##### Registered and Corporate Office

101, Merritt Boulevard  
Suite 107, Trumbull  
Connecticut 06611  
Tel.: 001 203-375-8668  
Fax: 001 203-375-1965  
Web: www.icrasapphire.com

#### ICRA GLOBAL CAPITAL, INC.

101, Merritt Boulevard  
Suite 107, Trumbull  
CT 06611, USA  
Tel: +1 203 375 8668  
Fax : +1 203 375 1965

#### BPA TECHNOLOGIES, INC.

7041 Koll Center Pkwy  
Ste 235, Pleasanton, CA 94566  
Tel: +1-925-600-1012, 600-1013  
Fax: +1-510-279-5629  
Email: info@bpatech.com  
Website: www.bpatech.com

#### BPA TECHNOLOGIES PTE. LTD.

10, Anson Road  
#21-07, International Plaza  
Singapore, SG 079903  
Tel: +65-6220 9010  
Fax : +65-6324 8322  
Email : info@bpatech.com  
Website: www.bpatech.com

#### BPA TECHNOLOGIES PVT. LTD.

##### Registered Office

A-106, Sujatha Nagar  
Visakhapatnam  
Andhra Pradesh 530051

##### Corporate Office

Metro – I, 28, 30  
Kodambakkam High Road  
Chennai 600034, India  
Tel: +91-44-6566 3031  
Fax : +91-44-2826 4322  
Email : info@bpatech.com  
Website: www.bpatech.com

#### ICRA ONLINE LIMITED

##### Registered Office

FMC Fortuna, A-10 & 11, 3<sup>rd</sup> Floor  
234/3A, A.J.C. Bose Road  
Kolkata 700 020  
Tel: (91-33) 22876617/8839/  
22800008/22831411  
Fax: (91-33) 2287 0728

##### Branch Office

2nd, 5th & 6th Floor  
Convergence Contact Centre  
Plot D – 2/2, Block EP&GP  
Sector V, Salt Lake City  
Kolkata 700 091  
Tel: (91-33) 40097800  
Fax: (91-33) 40097801

##### Corporate Office

107, 1<sup>st</sup> Floor, Raheja Arcade  
Plot No.61, Sector 11, CBD Belapur  
Navi Mumbai 400 614  
Tel : (91-22) 67816100  
Fax : (91-22) 27563057  
Web: www.icraonline.com

## ICRA LIMITED

### New Delhi (Registered Office)

1105, Kailash Building  
11th Floor, 26, Kasturba Gandhi Marg  
New Delhi 110001  
Tel: +91-11-23357940-50  
Fax: +91-11-23357014

### Gurgaon (Corporate Office)

Building No. 8, 2<sup>nd</sup> Floor, Tower A  
DLF Cyber City, Phase II  
Gurgaon 122002, Haryana, India  
Tel.: (91-124) 4545300  
Fax: (91-124) 4050424

### Mumbai

Electric Mansion, 3<sup>rd</sup> Floor  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai 400025  
Tel.: (91-22)30470000,  
24331046/53/62/74/86/87, 24362044, 24329109  
Fax: (91-22) 24331390

### Kolkata

FMC Fortuna, A-10 & 11,  
3<sup>rd</sup> Floor, 234/3A, A.J.C. Bose Road  
Kolkata 700020  
Tel.: (91-33) 71501100/1101  
Fax: (91-33) 71501150/22870728

### Chennai

Karumuttu Centre, 5<sup>th</sup> Floor  
634, Anna Salai, Nandanam  
Chennai 600035  
Tel.: (91-44) 45964300,  
24340043/9659/8080/24330724/3293  
Fax: (91-44) 24343663

### Bengaluru

'Millenia', Tower-B  
Unit No.1004, 10<sup>th</sup> Floor  
1 & 2 Murphy Road, Ulsoor  
Bengaluru 560008  
Tel.: (91-80) 43326400  
Fax: (91-80) 43326409

### Ahmedabad

907-908, Sakar II  
Ellisbridge, Opp. Town Hall  
Ahmedabad 380006  
Tel.: (91-79) 26585049, 26582008/5494  
Fax: (91-79) 26584924

### Hyderabad

4A, 4<sup>th</sup> Floor, SHOBHAN  
6-3-927, A&B Somajiguda  
Raj Bhavan Road  
Hyderabad 500082  
Tel.: (91-40) 40676500  
Fax: (91-40) 40676510

### Pune

5A, 5<sup>th</sup> Floor, Symphony  
S.No. 210, CTS 3202  
Range Hills Road, Shivajinagar  
Pune 411020  
Tel.: (91-20) 25561194, 25560195/0196  
Fax: (91-20) 25561231

## PT. ICRA INDONESIA

### Registered and Corporate Office

Menara Rajawali  
6<sup>th</sup> Floor—Podium  
Jl. Mega Kuningan Lot # 5.1  
Jakarta 12950, Indonesia  
Tel: 62-21-5761516  
Fax: 62-21-5761517  
Web: www.icraindonesia.com

## ICRA LANKA LIMITED

### Registered and Corporate Office

# 10-02 East Tower  
World Trade Center  
Colombo 01, Sri Lanka  
Tel: (94-11) 4339907  
Fax:(94-11) 2333307  
Web: www.icralanka.com

## ICRA NEPAL LIMITED

### Registered and Corporate Office

The Heritage Plaza- I  
2<sup>nd</sup> Floor, Kamaladi  
Kathmandu, Nepal  
Tel: + 977 1 4169088/89  
Fax: + 977 1 4169088  
Web: www.icranepal.com  
Email: Info@icranepal.com



ICRA