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ANNUAL REPORT 2005-2006



ICRA Limited

An Associate of Moody's Investors Service

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ICRA Limited

Fifteenth Annual Report 2005-2006

ICRA Limited

Board of Directors

Mr. D.N. Ghosh, Chairman	Formerly Chairman, State Bank of India
Dr. Uddesh Kohli	Formerly Chairman & 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 of Pricewaterhouse Coopers
Mr. Chester V. A. Murray	Executive Vice President, International, Moody's Investors Service
Mr. Thomas J. Keller	Group Managing Director, Asia Pacific, Moody's Asia Pacific Limited
Mr. P. K. Choudhury	Managing Director

Auditors

Vipin Aggarwal & Associates
E-4 Defence Colony
New Delhi 110024

Company Secretary

Vijay Wadhwa

Bankers

HDFC Bank
Surya Kiran Building
KG Marg, New Delhi 110001

ABN Amro Bank
Hansalaya, 15 Barakhamba Road
New Delhi 110001

State Bank of Hyderabad
Surya Kiran Building
KG Marg, New Delhi 110001

Registered Office

Kailash Building, 4th Floor,
26, Kasturba Gandhi Marg,
Connaught Place,
New Delhi 110001

ICRA BOARD OF DIRECTORS



Mr. D.N. Ghosh is Chairman of ICRA and of its Rating Committee, Audit Committee, and Compensation and HR Committee. He is former Chairman of State Bank of India, Philips India Limited, and Larsen & Toubro Limited. Currently, Mr. Ghosh is also Chairman of The Peerless General Finance & Investment Co. Limited, Sundaram Asset Management Co. Limited, L&L Services (Private) Limited, OPUS Financial Services Limited, ICRA Management Consulting Services Limited, and SJK Steel Plant Limited (as IDBI nominee). In addition to this, he is Director on the Board of Housing Development Finance Corporation Limited. He is also the Managing Trustee of Sameeksha Trust (publisher of Economic and Political Weekly).



Mr. Piyush G. Mankad is an IAS (topped the batch) of 1964 batch. He also topped in Delhi University in his B.A. (Hons) and M.A. (History) examinations. He has held senior positions in the Government of Madhya Pradesh and the Central Government, including the positions of Controller of Capital Issues, Secretary – Industrial Policy & Planning, Chairman, Foreign Investment Promotion Board, Finance Secretary, Counselor (Economic), Embassy of India, Tokyo and lastly Executive Director for India, Bangladesh, Bhutan, Laos and Tajikistan in the Asian Development Bank.



Prof. Deepak Nayyar is former Vice-Chancellor, University of Delhi. He holds the Degrees of B.A. (Honours) and M.A. in Economics and obtained his B.Phil. and D.Phil. in Economics from the University of Oxford. Prof. Nayyar is the author of several books and articles on economics. He was a Rhodes Scholar from India at the University of Oxford and the recipient of the VKRV Rao Award for contribution to research in Economics. Formerly, he was on the Boards of State Trading Corporation of India Limited, State Bank of India, Export and Import Bank of India, and Maruti Udyog Limited. In the past, Prof. Nayyar has served as Chief Economic Adviser to the Government of India and as Professor of Economics at the Jawahar Lal Nehru University, Indian Institute of Management, Kolkata, and the University of Sussex.



Dr. Uddesh Kohli is an Engineer from the University of 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 is former Chairman and Managing Director of Power Finance Corporation Limited. He was associated with the Planning Commission, Government of India, as an Adviser (Additional Secretary Level). He has carried out international assignments for ADB, UNIDO, UNDP, UNOPS, ILO and the United Nations. He is at present a Director on the Boards of National Research Development Corporation Limited, National Mineral Development Corporation Limited, ALSTOM Projects India Limited and Cybizcall International Limited. Dr. Kohli's areas of expertise include development planning, finance and project formulation, appraisal, sustainability and monitoring, energy planning, training and human resource development.

In the past, he was director on the boards of ICICI, IDBI, IFCI, UTI, CRISIL, Exim Bank etc. and is, at present, director on the Boards of Tata International Limited, Tata Elxsi Limited, DSP-Merrill Lynch Fund Managers Limited, Mahindra and Mahindra Financial Services Limited, Max India Limited, Noida Toll Bridge Company Limited, U.B. (Holdings) Limited, Kingfisher Airlines Limited. The main areas of his finance and investment related experience are in public finance, budget, revenue & taxation, capital markets, banking, multilateral institutions and foreign investment promotion.

ICRA BOARD OF DIRECTORS



Mr. Amal Ganguli is a FCA from the Institute of Chartered Accountant of England & Wales as well as the Institute of Chartered Accountants of India. He did his Article with C.H. Aveyard, Chartered Accountant, London and worked with Griffin Stone Moscrop & Co. and also Peat Marwick Mitchell & Co in London. He joined Price Waterhouse in India in 1964 and retired in 2003. At the time of retirement, he was Chairman and Senior Partner for Pricewaterhouse Coopers in India. He was Member of several Study Groups of the Institute of Chartered Accountants of India and has also worked as independent short-term Consultant to the World Bank after his retirement. He is on the Boards of Hughes Escorts Communications Limited, Flextronics Software Systems Limited, ML Infomap Private Limited, Tube Investment of India Limited, HCL Technologies Limited, Samtel Colour Limited, New Delhi Television Limited, Century Textiles and Industries Limited, AVTEC Limited and Maruti Udyog Limited.



Mr. Thomas J. Keller is Group Managing Director responsible for Moody's offices and ratings in Asia Pacific, based in Hong Kong. Mr. Keller worked in Tokyo for 5 years, first as Managing Director of the Ratings Group and then as Representative Director of Moody's Japan. Mr. Thomas J. Keller joined Moody's in 1992 and his initial analytical responsibilities covered a broad range of sectors, including high grade corporate, and high yield industrials and financial services. Prior to Moody's, Mr. Keller worked at Chemical Bank and Manufacturers Hanover Trust Company. He graduated with a BBA in Finance from the University of Rhode Island in 1981 and received an MBA from Iona College in 1991.



Mr. Chester V. A. Murray is working as Executive Vice President – International for Moody's Investors Service since January 2004. He is responsible for Moody's Ratings and research business internationally. Mr. Chester V. A. Murray's career with Moody's began in 1985 as a Senior Analyst in the Financial Institutions Group. In 1990, he was named Associate Director for that group. The following year he was named Associate Director for Moody's Insurance Group and in 1993 he was promoted to Managing Director, with responsibility for the Life Insurance Group and Managed Funds worldwide. He was transferred to London in 1996 as Group Managing Director- Europe. In 2001, he returned to New York to assume the role of Senior Managing Director in charge of Investor Services, Managed Funds, Corporate and Rating Communications, and relationship with the Association of Moody's in Russia and India. In October 2002, Mr. Murray was named Senior Vice President and Chief Human Resources Officer of Moody's Corporation, having responsibilities for Human Resources and Communications globally.



Mr. P. K. Choudhury has been associated with the Company since its incorporation. He is currently a Director on the Board of ICRA Management Consulting Services Limited, ICRA Techno Analytics Limited and ICRA Online Limited. He is also Vice-Chairman of the Association of Credit Rating Agencies of Asia. He is a Chartered Accountant and holds the Degree of M.Com. besides a Post- Graduate Diploma in Advanced Financial Management from the Maastricht School of Management, The Netherlands. Prior to joining ICRA, Mr. Choudhury was Deputy General Manager at IFCI Limited, with his responsibilities encompassing project appraisal, monitoring & recovery, merchant banking, and financial services.

Senior Management



Mr. R.R. Rao
Joint Managing Director &
Chief Consulting Officer



Mr. Naresh Takkar
Joint Managing Director &
Chief Rating Officer



Mr. Amul Gogna
Executive Director &
Chief of Information Services



Mr. Vijay Wadhwa
Executive Director &
Chief Financial Officer



Mr. Vivek Mathur
General Manager and
In-charge of Delhi Branch



Mr. L. Shivakumar
General Manager and
In-charge of Mumbai Branch



Mr. Jayanta Chatterjee
General Manager and In-
charge of Bangalore Branch



Ms. Anuradha Ray
General Manager and In-
charge of Kolkata Branch



Mr. R.S. Walia
Assistant General Manager
and In-charge of Hyderabad
Branch



Mr. Nitesh Shanbhag
Asstt. General Manager and
In-charge of Pune Branch

Seminar on Asian Oil Sector



Seminar on 'Asian Oil Sector — Outlook and Prospects' organised by ICRA along with Moody's Investors Service (November 2005)

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Seminar on 'Asian Oil Sector — Outlook and Prospects' organised by ICRA along with Moody's Investors Service (November 2005)



Mr. P.K. Choudhury (extreme right), Managing Director, ICRA, with the newly-formed Management Committee that will oversee the operations of ICRA Techno Analytics Limited and ICRA Online. From right, Mr. Prateep Guha, Mr. Joydeep Bhattacharya, Mr. Surottam Banerjee, Mr. Soumitra Bhattacharya, and Mr. Aditya Agarwal.

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ICRA Rating's Annual Training Programme at Khandala, 2006

Directors' Report

To the Members,

Your Directors have pleasure in presenting the 15th Annual Report of your Company with Audited Accounts for the year ended March 31, 2006.

Financial Performance

During the 15th year of its operations, your Company earned a net profit of Rs. 126.51 million as compared with Rs. 80.99 million during the previous year. During the year under review, profit after tax grew by 56% as against a decline in profit after tax by 27% in the previous year. The earning per share for the year ended March 31, 2006 was Rs. 14.37 as compared with the previous year's earning per share of Rs. 9.20. The financial results for the year ended March 31, 2006 are as presented below:

Particulars	2005-06 (Rs. million)	2004-05 (Rs. million)
Rating Services Fees	302.62	256.16
Advisory Services Fees **	0.00	95.07
Information Services Fees	17.06	14.43
BPO Services Fees	12.45	5.86
Income from Operations **	332.13	371.52
Other Income	54.01	41.73
Total Income **	386.14	413.25
Total Expenditure **	-197.01	-286.29
Profit Before Depreciation & Tax	189.13	126.96
Depreciation	-15.23	-14.25
Profit Before Tax	173.90	112.71
Provision for Taxes	-47.39	-31.72
Profit After Tax	126.51	80.99
Previous Year Adjustments	-3.70	0.37
Profit Available for Appropriation	122.81	81.36
Appropriation		
Proposed Dividend	35.22	30.82
Corporate Tax on Proposed Dividend	4.94	4.32
Transferred to General Reserve	82.65	46.22
	122.81	81.36

**** Income from Operations and Total Expenditure for the Previous Year are inclusive of amounts attributable to the Advisory Services Division of the Company, which has been demerged to M/s. ICRA Management Consulting Services Limited (a wholly owned subsidiary of your Company) during the year 2005-06.**