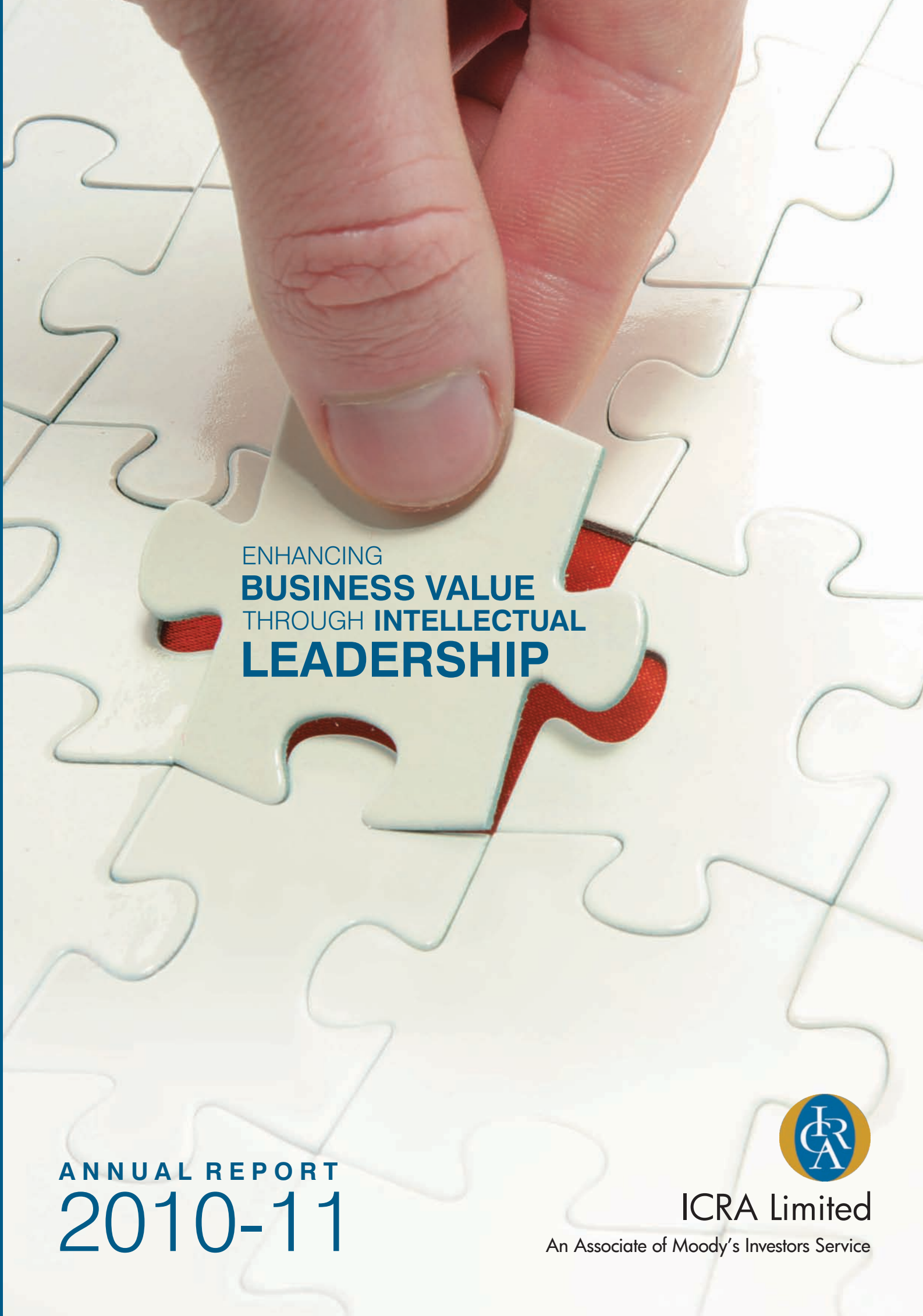
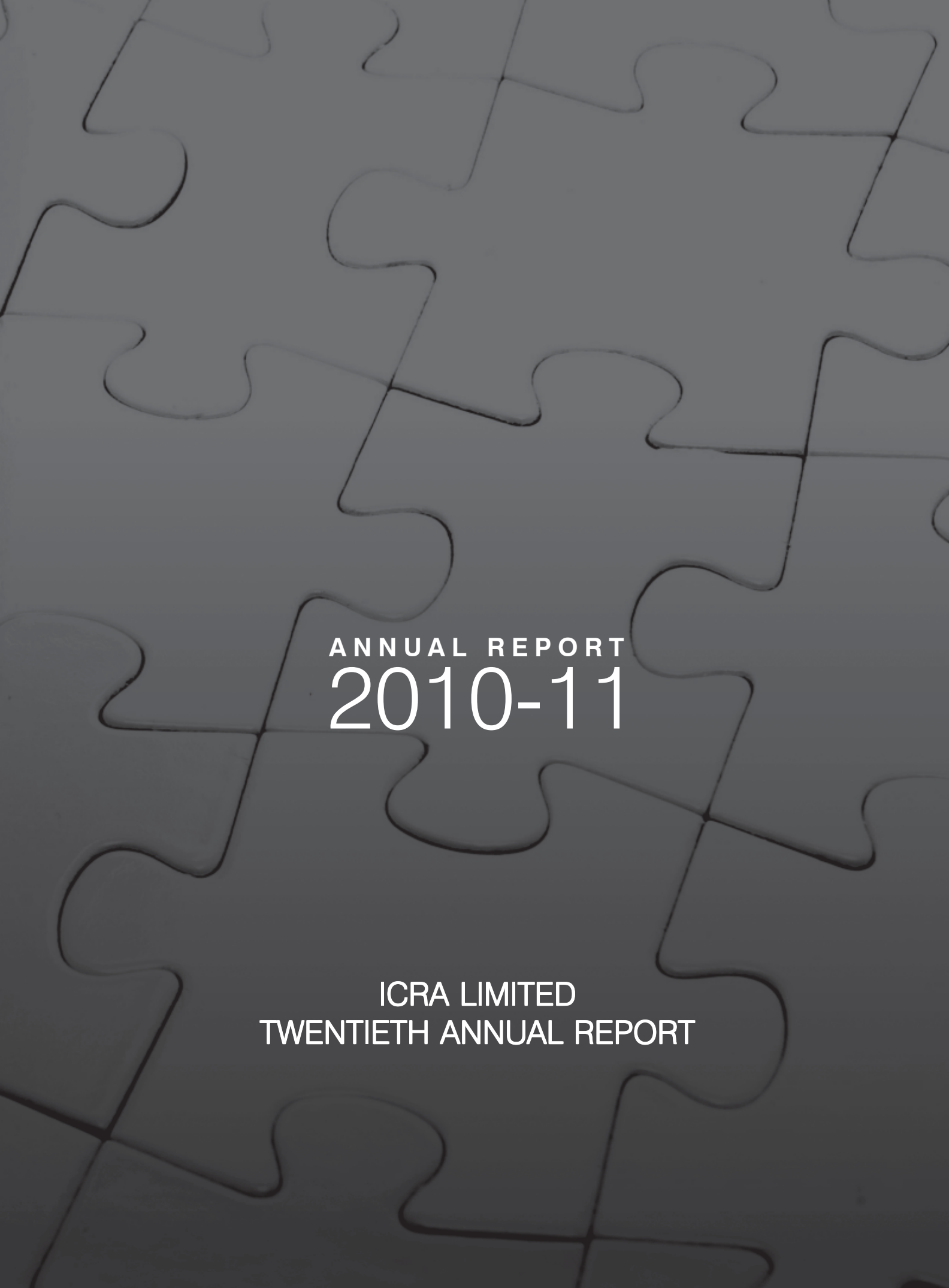


ENHANCING
BUSINESS VALUE
THROUGH **INTELLECTUAL**
LEADERSHIP

ANNUAL REPORT
2010-11

ICRA Limited
An Associate of Moody's Investors Service



ANNUAL REPORT
2010-11

ICRA LIMITED
TWENTIETH ANNUAL REPORT

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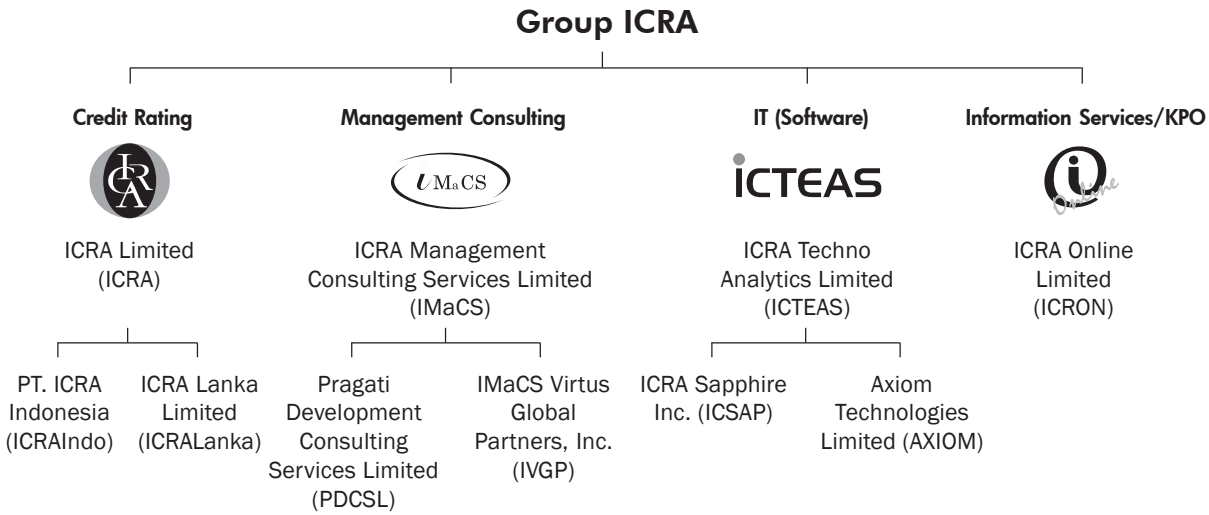
ICRA at a Glance

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 and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange.



Alliance with Moody's Investors Service

The international Credit Rating Agency Moody's Investors Service[1] 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.

[1] *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 awareness 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; and
- Provide intermediaries with a tool to improve efficiency in the funds raising process.

ICRA at a Glance

Group ICRA

The Services Spectrum*

ICRA

RATING SERVICES
- Credit Rating
- Bank Loan Rating
- Corporate Governance Rating
- Stakeholder Value and Governance Rating
- Rating of Claims Paying Ability of Insurance Companies
- Project Finance Rating
- Performance and Credit Rating of Small-Scale Enterprises in India
- Rating of Parallel Marketers of LPG/SKO

GRADING SERVICES

IPOs, Microfinance Institutions, Construction Entities, Real Estate Developers and Projects, Healthcare Entities, Maritime Training Institutes

www.icra.in

ICRAIndo**

RATING SERVICES
- Credit Rating
- Structured Finance Rating
- Bank Loan Rating
- Project Finance Rating
- Mutual Fund Rating
- Claims Paying Ability of Insurance Companies
- Issuer Rating

**The operations of PT. ICRA Indonesia (ICRAIndo) are limited to the Indonesian market

www.icraindonesia.com

ICRALanka***

RATING SERVICES
- Credit Rating
- Structured Finance Rating
- Bank Loan Rating
- Project Finance Rating
- Mutual Fund Rating
- Claims Paying Ability of Insurance Companies
- Issuer Rating

***The operations of ICRA Lanka Limited (ICRALanka) are limited to the Sri Lankan market

www.icralanka.com

IMaCS

CONSULTING SERVICES
- Strategy
- Risk Management
- Process Consulting
- Transaction Advisory
- Policy & Regulation
- Development Consulting

www.imacs.in

ICTEAS

IT SOLUTIONS/ANALYTICS/ ENGINEERING
- Information Technology Solutions
  - Client-Server Applications
  - Web-centric Applications
  - Mobile Applications
  - Software Services in Disaster Response Initiative
  - Customisation/Implementation Services on Oracle E-Business Suite
- Business Intelligence/Analytics
  - Predictive Modelling Solutions
  - Data Mining Solutions
  - Business Intelligence and Analytics Solutions
- Engineering Services
  - Multidisciplinary Computer Aided Engineering Design Services
  - Resourcing Services

www.icteas.com

ICRON

FINANCIAL INFORMATION PRODUCTS AND SERVICES
- Mutual Fund and ULIP Data and Content Provider
- Investment Research and Analytics
- Wealth and Transaction Management Software Products
- IT Tools for Financial Planning and Analytics
- Software Services

KPO SERVICES (BACK-END ANALYTICAL SERVICES SUPPORT)
- Data Extraction, Aggregation, Validation and Analysis
- Accounting & Finance
- Research, Analysis & Report Writing
- Modelling

EQUITY RESEARCH SERVICE

www.icraonline.com

** 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 Bank Loan Ratings. ICRA, along with National Small Industries Corporation Limited (NSIC), offers 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 ICRA Lanka 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

Consulting Services

ICRA Management Consulting Services Limited (IMaCS), a wholly-owned subsidiary of ICRA Limited, is a multi-line management consulting firm with a global operating footprint. IMaCS offers Consulting Services in Policy Advisory, Capacity Building, Strategy, Risk Management, Process Re-engineering, and Transaction Advisory. IMaCS' clientele includes Banks and Financial services companies, Corporate entities, PE investors, Governments, Regulators, and Multilateral Agencies. Besides India, IMaCS has consulting experience across 35 countries in South Asia, South East Asia, West Asia, Africa, Western Europe, and North America. IMaCS actively serves over 400 clients in the several domains including Banking & Financial Services, Energy, Transportation, Urban Infrastructure, Automotive & Industrial Goods, Retail & Consumer Markets, Healthcare & Education, Hospitality & Tourism, and key social sectors (Public Health, Rural development, and Water & Sanitation).

IMaCS has a subsidiary, **IMaCS Virtus Global Partners, Inc**., based out of New York, to offer advisory services to investors and companies seeking to operate in the Indo-US business 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 development of web and e-commerce application, solutions for mobile and handheld devices 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 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 is a Microsoft Gold Partner and is ISO 27001 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.

ICTEAS has two subsidiaries, **ICRA Sapphire, Inc. (ICSAP)** and **Axiom Technologies Limited (AXIOM)**. ICSAP is based in Connecticut, USA, while AXIOM operates out of Kolkata, India.

ICSAP, a wholly-owned subsidiary of ICTEAS, 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 currently developing an enhanced version of the software called the Case Management System (CMS) for New York City. 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.

ICRA at a Glance

AXIOM, a wholly-owned subsidiary of ICTEAS, specialises in customisation and implementation services on the Oracle E-Business Suite. Its services include process study, fitment analysis, customisation, implementation and post-implementation maintenance services. AXIOM focuses on the Financial Modules of the Oracle E-Business Suite, which include Order Management, General Ledger, Accounts Payable, Accounts Receivable, Cash Management, Purchasing and Inventory, Fixed Assets and Global Consolidation.

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 back-end analytical services support to its clients in the areas of Data Extraction, Aggregation, Validation and Analysis, Accounting and Finance, Research, Report Preparation and Modelling. The Division has attained ISO 27001 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.