ICRA Limited

An Associate of Moody's Investors Service

Annual Report 2012-13



Enhancing Business Value through Intellectual Leadership

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ANNUAL REPORT
2012-13

ICRA LIMITED
TWENTY-SECOND ANNUAL REPORT





Contents

ICRA at a Glance 5

ICRA Limited

Board of Directors 13
Senior Management 15
Directors' Report 16
Annexures to the Directors' Report 26
Corporate Governance Report 28
Auditors' Certificate on Corporate Governance 54
Certificate by Chief Executive Officer and Chief Financial Officer 55
Declaration by Managing Director on Code of Conduct 56
Management Discussion and Analysis Report 57
Auditors' Report 69
Annexure to the Auditors' Report 71
Balance Sheet 74
Statement of Profit and Loss 75
Notes to the Financial Statements 76
Cash Flow Statement of ICRA Limited 96
Financial Highlights of ICRA Limited 98
ICRA: Selective Data/Ratio Analysis 99
Frequently Asked Questions 100

Group ICRA

Auditors' Report on the Consolidated Financial Statements 104
Consolidated Balance Sheet 106
Consolidated Statement of Profit and Loss 107
Notes to the Financial Statements 108
Cash Flow Statement of Group ICRA 125
Statement pursuant to Section 212 of the Companies Act, 1956 127
Statement containing Brief Financial Details of Subsidiary Companies 128
Financial Highlights of Group ICRA 129
Group ICRA: Selective Data/Ratio Analysis 130

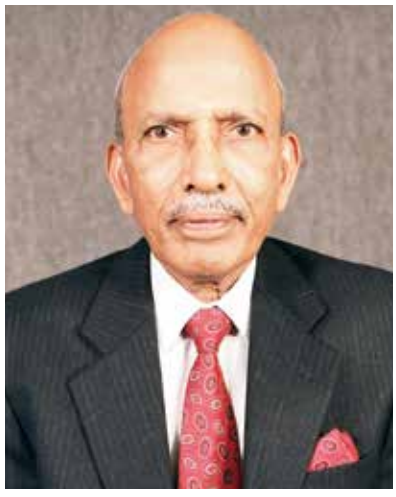
Notice of the Twenty-Second Annual General Meeting 131

IN MEMORIAM



Mr. Kalyan Sanjibon Banerji (April 7, 1939—March 21, 2013), eminent banker and distinguished expert on trade and banking policy. He was a Member of the Board of Directors of ICRA Limited between August 1991 and June 1993. ICRA owes Mr. Banerji a large debt of gratitude for the direction he provided to the company during the start-up years.

IN MEMORIAM

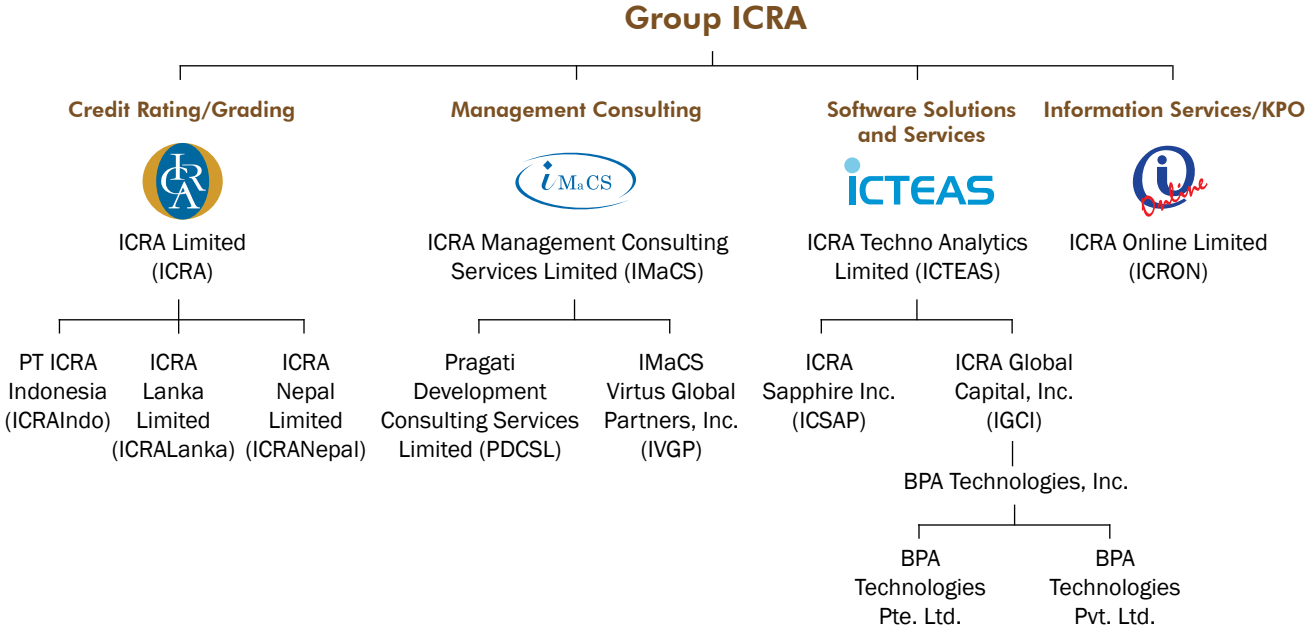


Mr. Ananthakrishnan Lakshmanaswamy Mudaliar (September 7, 1925—January 2, 2013), distinguished industrialist, corporate luminary and educationist. He was a Member of the Rating Committee of ICRA Limited between September 1992 and August 1999. ICRA remains indebted to Mr. Mudaliar for the valuable guidance it received from him in the initial years.

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 BSE 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 (ICRA Indo); ICRA Lanka Limited (ICRA Lanka)**, and **ICRA Nepal Limited (ICRA Nepal)**. 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[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.
- 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
- Mutual Fund Rating
- Performance and Credit Rating of Small-Scale Enterprises
- Rating of Parallel Marketers of LPG/SKO

GRADING SERVICES
IPOs, Microfinance Institutions, Construction Entities, Real Estate Developers and Projects, Education Institutes, Maritime Training Institutes

EQUITY RESEARCH SERVICE

INDUSTRY RESEARCH

www.icra.in

ICRA Indo**

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 (ICRA Indo) are limited to the Indonesian market

www.icraindonesia.com

ICRA Lanka***

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 (ICRA Lanka) are limited to the Sri Lankan market

www.icralanka.com

ICRA Nepal****

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 Nepal Limited (ICRA Nepal) are limited to the Nepalese market

www.icranepal.com

IMaCS

CONSULTING SERVICES
- Policy Advisory
- Strategy
- Risk Management
- Capacity Building
- Process Re-engineering
- Transaction Advisory
- 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
  - Customization/ 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 Services
- Accounting Services
- Electronic Conversion of Financial Statements
- Research
- Analytics

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, Line of Credit Rating and Valuation of Principal Protected–Market Linked Debentures (PP–MLD). Further, 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 (ICRA Indo), 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 corporate entities, banks, finance companies and financial institutions, service companies and infrastructure sector companies; Issuer Rating of corporate entities, banks, finance companies and financial institutions, service companies, infrastructure sector companies and small & medium sector companies; Structured Finance Rating of asset-backed and mortgage-backed securitization transactions, among others; Bank Loan Rating based on the Basel II Accord; Project Finance Rating; Mutual Funds and Fund House Ratings; Municipal Bonds Rating and Claims Paying Ability Rating of insurance companies.

ICRA Lanka Limited (ICRA Lanka), 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.

ICRA Lanka also rates rupee-denominated debt instruments issued by commercial banks, non-banking finance companies, financial institutions, and manufacturing and service companies, among others. It also rates structured obligations and sector-specific debt obligations. 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 Nepal Limited (ICRA Nepal), a subsidiary of ICRA, offers a wide range of Rating services in the Nepalese market. ICRA Nepal rates rupee-denominated debt instruments issued by commercial banks, financial institutions, non-banking finance companies, public sector undertakings, and manufacturing and service companies, among others. Its services also include Issuer Rating and Grading of Initial Public Offers. Further, ICRA Nepal is preparing to offer several other products including Bank Loan/Line of Credit Rating and Rating of Claims Paying Ability of insurance companies, apart from Corporate Governance Rating, Stakeholder Value and Governance Rating, and Credit Risk Rating of Debt Mutual Funds.

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; 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. In the education sector, ICRA offers the innovative service of Grading of Maritime Training Institutes in India. These apart, of late, ICRA has been offering the service of Grading of Renewable Energy Service Companies (RESCOs) and System Integrators (SIs); Grading of Management Education Institutes; Grading of Engineering Colleges/Universities; Grading of Fundamental Strength