

**Annual Report**  
**2019-2020**



**ICRA**

A MOODY'S INVESTORS  
SERVICE COMPANY



**Enhancing  
market efficiency**  
through high standards  
of **integrity,**  
**intellectual**  
**rigour** and  
**independence**

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# Across the pages

## CORPORATE OVERVIEW 01-19

|                                 |    |
|---------------------------------|----|
| ICRA at a Glance                | 01 |
| Range of Services               | 04 |
| Corporate Social Responsibility | 07 |
| Board of Directors              | 11 |
| Senior Management               | 14 |
| Key Trends                      | 15 |
| Corporate Information           | 17 |
| Financial Highlights            | 18 |

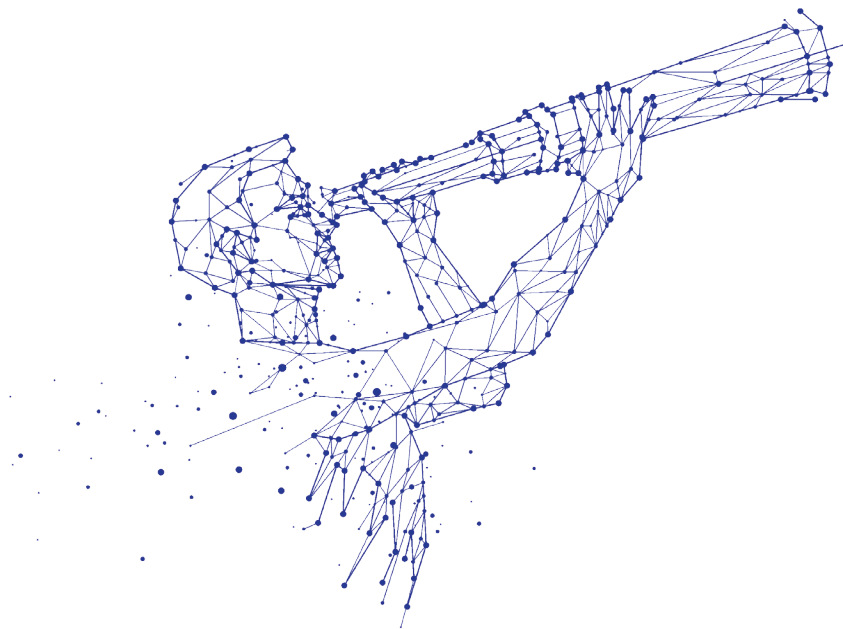
## STATUTORY REPORTS 20-137

|  |     |
|--|-----|
| Directors' Report                                    | 20  |
| Corporate Governance Report                          | 57  |
| Auditors' Report on Corporate Governance             | 96  |
| Management Discussion and Analysis Report            | 99  |
| Secretarial Audit Report                             | 113 |
| Dividend Distribution Policy                         | 117 |
| Report on Corporate Social Responsibility Activities | 119 |
| Business Responsibility Report                       | 124 |

## FINANCIAL STATEMENTS 139-270

|   |     |
|---|-----|
| <b>Standalone</b>                                 |     |
| Independent Auditors' Report                      | 139 |
| Balance Sheet                                     | 148 |
| Statement of Profit and Loss                      | 149 |
| Cash Flow Statement                               | 150 |
| Notes to the Financial Statements                 | 153 |
| <b>Consolidated</b>                               |     |
| Independent Auditors' Report                      | 203 |
| Balance Sheet                                     | 210 |
| Statement of Profit and Loss                      | 211 |
| Cash Flow Statement                               | 212 |
| Notes to the Financial Statements                 | 215 |
| Brief Financial Details of Subsidiaries           | 271 |
| Notice of the Twenty Ninth Annual General Meeting | 272 |

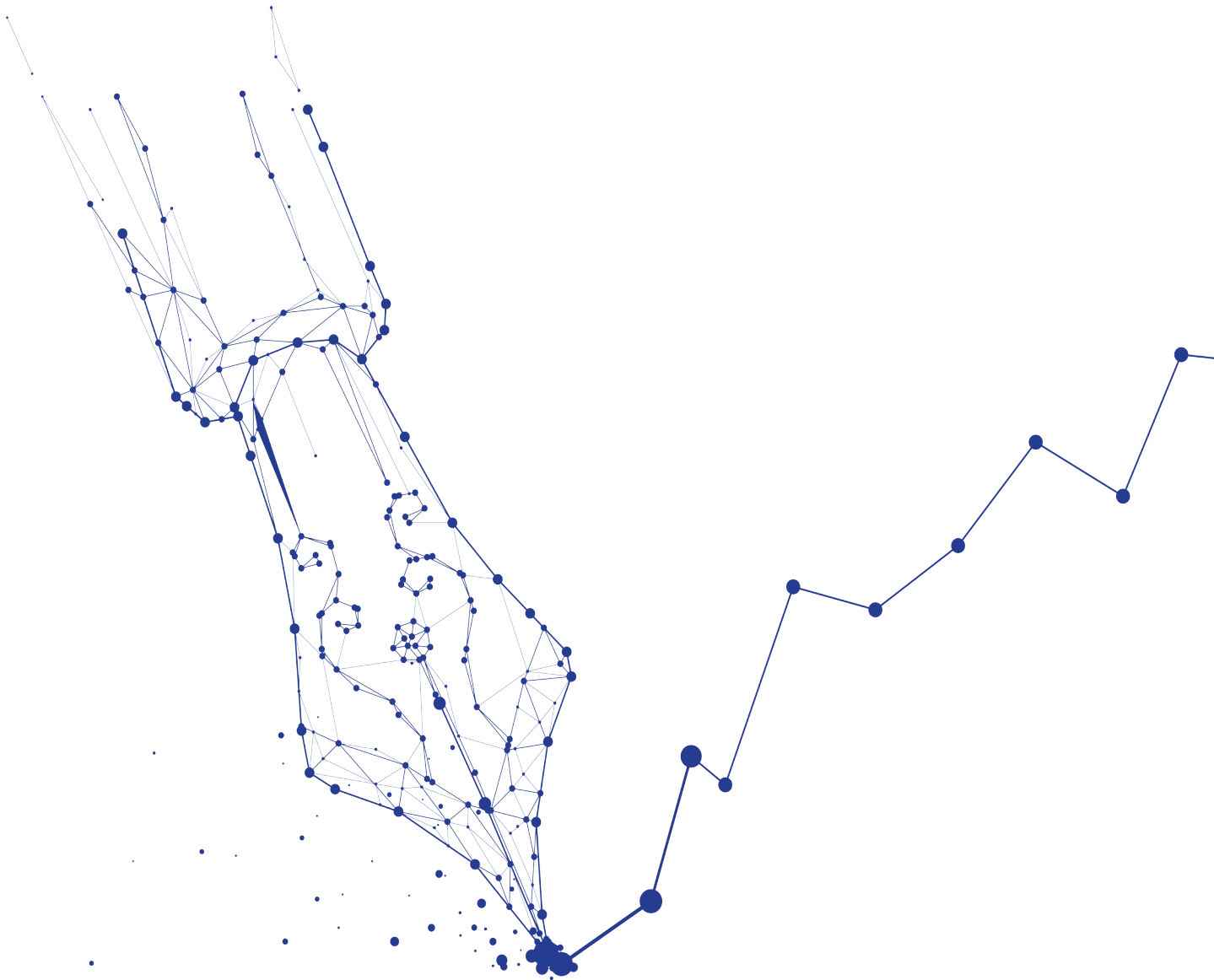
Disclaimer: This document contains statements about expected future events and financials of ICRA Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis of this Annual Report.



## 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 BSE Limited and National Stock Exchange of India Limited.



## **Alliance with Moody's Investors Service**

The ultimate parent company of international Credit Rating Agency Moody's Investors Service is the indirect largest shareholder of ICRA. The participation of Moody's is supported by a Technical Services Agreement, which entails Moody's providing certain technical services to ICRA. Specifically, the agreement is aimed at benefiting ICRA's in-house research capabilities by providing ICRA with access to Moody's global research base. Under the agreement Moody's provides enrichment programs to ICRA employees, including access to the financial markets and related courses that are offered as part of the eLearning software licensed by Moody's from Intuition, and provision of financial writing training seminars to designated ICRA employees.

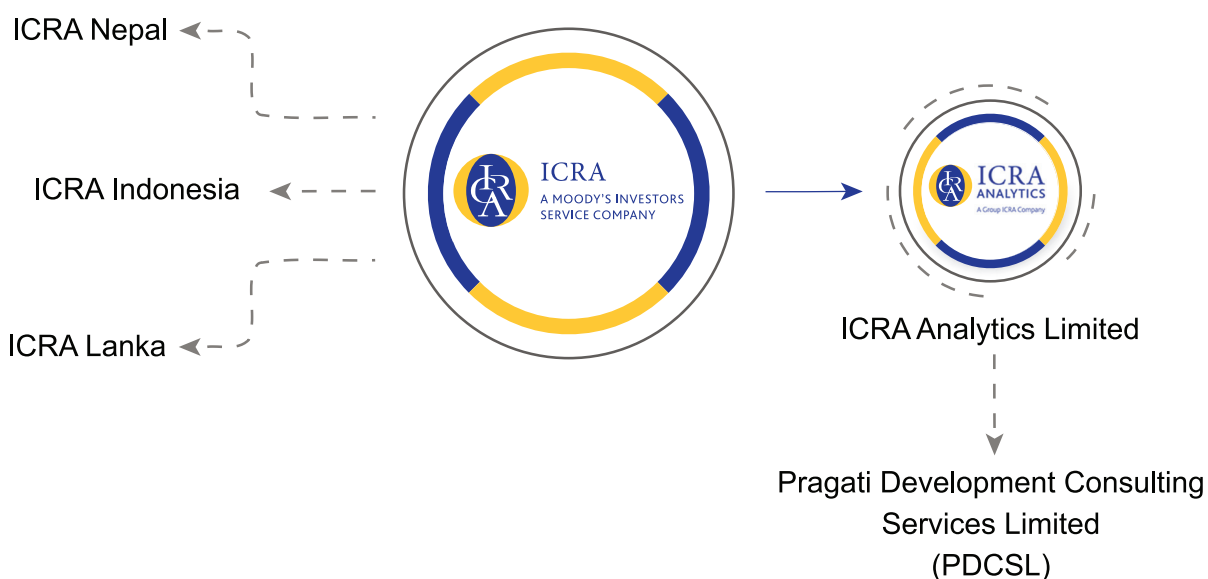


## The ICRA Factor

Our 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 Group Structure

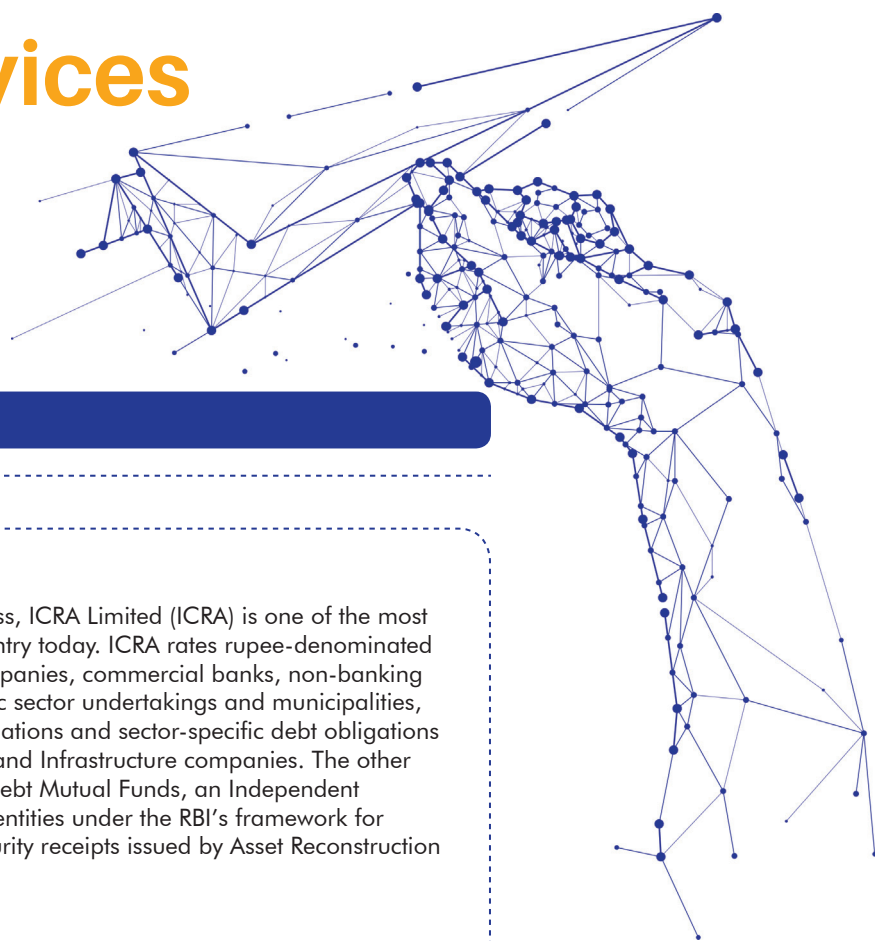


## Our Mission

To be at the forefront of enhancing market efficiency as the most respected rating and analytical services firm by:

- Maintaining high ethical standards, with sound governance practices and being socially responsible
- Creating a stimulating, inclusive and transparent environment for our employees
- Serving out customers with high standards of integrity, intellectual rigour & independence

# Range of **Services**



## **ICRA Limited**

### **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 Credit Risk Rating of Debt Mutual Funds, an Independent Credit Evaluation (ICE) of the residual debt in entities under the RBI's framework for resolution of stressed assets and Rating of security receipts issued by Asset Reconstruction Companies (ARCs) as required by RBI.

### **INDUSTRY RESEARCH**

Complementing the credit rating services, ICRA provides research services across the economy, industry and companies. The reports are tailored to meet the requirements of banks, mutual funds, insurance companies, PEs or venture funds and corporates.

ICRA Research covers 60 plus industries with the reports providing in-depth analyses across the following areas: Business and profitability outlook, Industry analysis, competitive landscape, impact of regulatory environment, benchmarking of companies, industry credit profile, Company profile on listed players, etc.

ICRA's 'Credit Perspectives' provide detailed analysis on ratings assigned. These reports broadly cover the following areas: Key rating considerations, Rating sensitivity factors, Rating rationale, Company profile, Business update, Business outlook, Financial update, Financial outlook, etc.

### **THE SERVICES SPECTRUM**

#### **Rating Services**

- Credit Rating
- Bank Loan Rating
- Structured Finance Rating
- Issuer Rating
- Mutual Fund Rating

#### **Industry Research**

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



## ICRA Lanka Limited

### RATING SERVICES

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. It's Rating focuses on entities in the financial and corporate sectors, 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, manufacturing, construction and service companies, among others. It also rates structured obligations and sector-specific debt obligations. The other services offered include Credit Risk Rating of Debt Mutual Funds, Insurance Financial Strength Rating of Insurance Companies, Project Finance Rating, Structured Finance Rating and Line of Credit Rating.

### THE SERVICES SPECTRUM

- Credit Rating
- Bank Loan Rating
- Structured Finance Rating
- Issuer Rating
- Project Finance Rating
- Mutual Fund Rating
- Insurance Financial Strength Rating

[www.icralanka.com](http://www.icralanka.com)

## ICRA Nepal Limited

### RATING SERVICES

ICRA Nepal Limited (ICRA Nepal), a subsidiary of ICRA, offers a wide range of Rating services in the Nepalese market. Using the accumulated experience and technical support from the holding company, it has developed capability to execute the diversified product. ICRA Nepal rates rupee-denominated long-term, medium-term and short-term debt instruments. Its services also include Issuer Rating, Fund Management Quality Rating and Grading of Equity Offers and Bank Loan Line of Credit Rating. The Rating/Grading service with current focus in the banking and finance, insurance and hydro-electricity sector is also being offered to construction, trading, aviation, manufacturing companies, etc. Further, ICRA Nepal will roll out the Rating of Claims Paying Ability of insurance companies in the near future.

### THE SERVICES SPECTRUM

- Debt Rating
- Bank Loan Rating
- Issuer Rating
- Fund Management Quality Rating
- Equity Grading

#### Rating Services to be offered in near future

- Claims Paying Ability of Insurance Companies

[www.icranepal.com](http://www.icranepal.com)

## ICRA Limited

### ICRA Analytics Limited

During the fiscal year 2019-20, ICRA Online Limited, which provides solutions, analytics and digital platforms for Risk Management, Market Data, Consulting and Knowledge Services, received approval for name change and is henceforth known as ICRA Analytics Limited. This follows the amalgamation of ICRA Management Consulting Services Limited into and with ICRA Online Limited w.e.f. 15th Nov-19. ICRA Analytics Limited is a wholly-owned subsidiary of ICRA Limited.

With an experience of more than 20 years in executing 10,000+ assignments, ICRA Analytics Limited (formerly known as ICRA Online Limited) (hereafter referred to as "ICRA Analytics or the Company") has acquired significant expertise across multiple domains, and serves Banks, NBFCs, Fund Managers, Intermediaries, Investors, Corporates, Energy & Renewables sector, Multi-Laterals, NGO and Government institutions. The domain expertise complemented with functional competence has helped ICRA Analytics design and implement products, services and solutions in Risk Management, IFRS & GAAP accounting, Bond Valuation, Tariff Assistance, Financial & Risk Advisory and Programme Management. Other than expanding reach to hitherto unserved client segments, ICRA Analytics

added new offerings to its portfolio, like Expected Credit Loss tool for NBFCs and banks. The Company has successfully augmented its capability platform with new age technologies like analytics, automation and cloud, and these are being leveraged to launch contemporary cloud-hosted products with enhanced analytical proficiency for Banks, NBFCs, Fund Managers, Intermediaries and Investors.

The process and compliance orientation evinced through the extant ISO27001:2013 and ISO9001:2015 certifications for its key businesses enables to continue making improvements in productivity, operations and security posture. Basis the certification exercise carried out during the year, ICRA Analytics has been certified as a Great Place to Work for the fiscal FY21. Sustained focus on upskilling and engaging with the talent pool of 600+ trained and qualified personnel continue to remain a key initiative for the Company, as it remains committed to adding value to its customers through innovation and efficiency.

ICRA Analytics offers its Programme Management services through its wholly owned subsidiary, Pragati Development Consulting Services Limited.

## THE SERVICES SPECTRUM

### Risk Management

- Internal Rating Software for Banks with Basel II Compliant Models
- Credit Risk Modeling
- Expected Credit Loss Computation
- Operational Risk
- Management Software
- Industry Risk Score
- Red Flag Reports

### Market Data

- Daily Pricing of Active ISINs through Security Level Valuation
- Indices
- Rating Tracker
- Performance Data & Research of Live MF Schemes
- Portfolio Tracking & Analytics
- Investor Education Collateral

### Consulting

#### ENERGY & RENEWABLES

- Financial & Risk Advisory
- Tariff Assistance

#### DEVELOPMENT SECTOR

- Design & Monitoring
- Program Management
- Technical Assistance

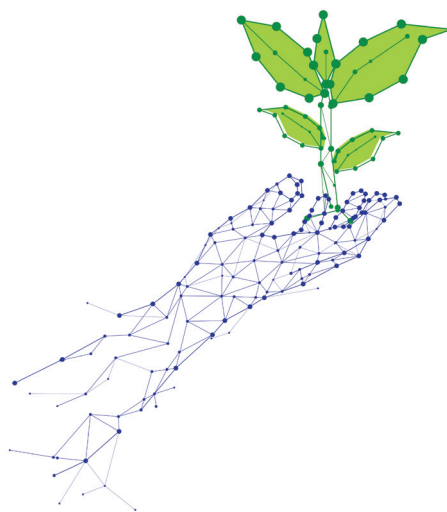
### Knowledge Services

- Automated Data Management
- GAAP & IFRS Accounting Support and Analysis
- Financial Statement Analysis & Text Interpretation
- Research
- IT Services





# Corporate Social Responsibility



## ICRA's CSR Mission

ICRA envisions to make stronger communities and enrich the lives of the underprivileged through its innovative programmes that help:

- empower underprivileged youths and adults (with special focus on women) with employable skills and create livelihood opportunities for them so that they may contribute to the economic development of the society
- promote education
- undertake environmental sustainability projects

The social initiatives have been nurtured and branded coherent with the community development activities covered under the following thematic area.

## SKILL DEVELOPMENT

### Digital Inclusion for Young Aspirants (DIYA)

This programme was launched in West Bengal in 2015 with a focus on creating digital-age career opportunities for the underprivileged youth. This unique technology-driven skill development programme provides foundation training in IT skills, workplace English and workplace readiness and subject-specific training like financial management,

retail management, Tally and hardware and networking. This project has been implemented in collaboration with the Anudip Foundation for Social Welfare.

Till date the programme has benefitted more than 1600 youths with nearly 71% successful in being gainfully employed.



Students enhancing practical knowledge in Training Center



Students getting training on hardware skills

## ICRA Limited

### Making a Difference (MAD)

This programme is aimed at developing sustainable livelihoods for the upliftment of the socio-economic status of the underprivileged youth through skill training in the banking, financial services and the insurance (BFSI) sector. The project focuses and contributes to the multi-development aspects of the community, which includes youth empowerment, community engagement activity, job-oriented skills enhancement and placements. Youth from the

marginalised communities and from below poverty line (BPL) families are the target beneficiaries. They are prepared for jobs in the BFSI sector by undergoing training in sector-specific course curriculum, soft skills and personality development and a highly skilled workforce is thus created. Every year, the project aims to train 300 students with nearly 70% of the students finding employment as business correspondents or loan approval officers.

### Women Entrepreneurship Programme (WEP)

We at ICRA, recognised that in addition to limited access to credit, women face several hurdles on their path to economic empowerment - illiteracy, lack of awareness about finances, and enterprise management to name a few. However, our experience also shows that many women have the potential to be successful entrepreneurs if they are given proper support. Keeping this purpose in mind, the Women Entrepreneurship Programme was conceived to fill these skill and knowledge gaps by providing skill-building training along with hand-holding support in

business and financial management to the women. Efforts were also made to facilitate the building of linkages for financial assistance to make their enterprise a sustainable one.

This programme has reached out to 650 women in its first year, out of which approximately 300 women have started their own small-scale businesses. Currently this programme is successfully running in the four districts of Gujarat, in collaboration with the Friends of Women World Banking, India.



Women taking financial management training



Women during skill development training

## EDUCATION

### Residential Learning Camp (RLC)

Rajasthan is among the states that have India's lowest literacy rates. Studies show that more than half of the children between ages 6 to 14 years do not attend school and over a third have never been to school.

These children then become a part of the young workforce, with physical and psychosocial problems.

With the purpose of intervention in this area, ICRA collaborated with Seva Mandir to help these out-of-school children to read and write independently with

comprehension. Three different camps are organised during a year for a batch of 100-150 children. These camps are fully residential for both children and teachers, where the children are exposed to self-learning through activity-based and multi-level programmes. After the camps these students are inducted into the formal system of learning. This programme was launched in 2015 and since then has benefitted approximately 600 children in Udaipur, Rajasthan.