

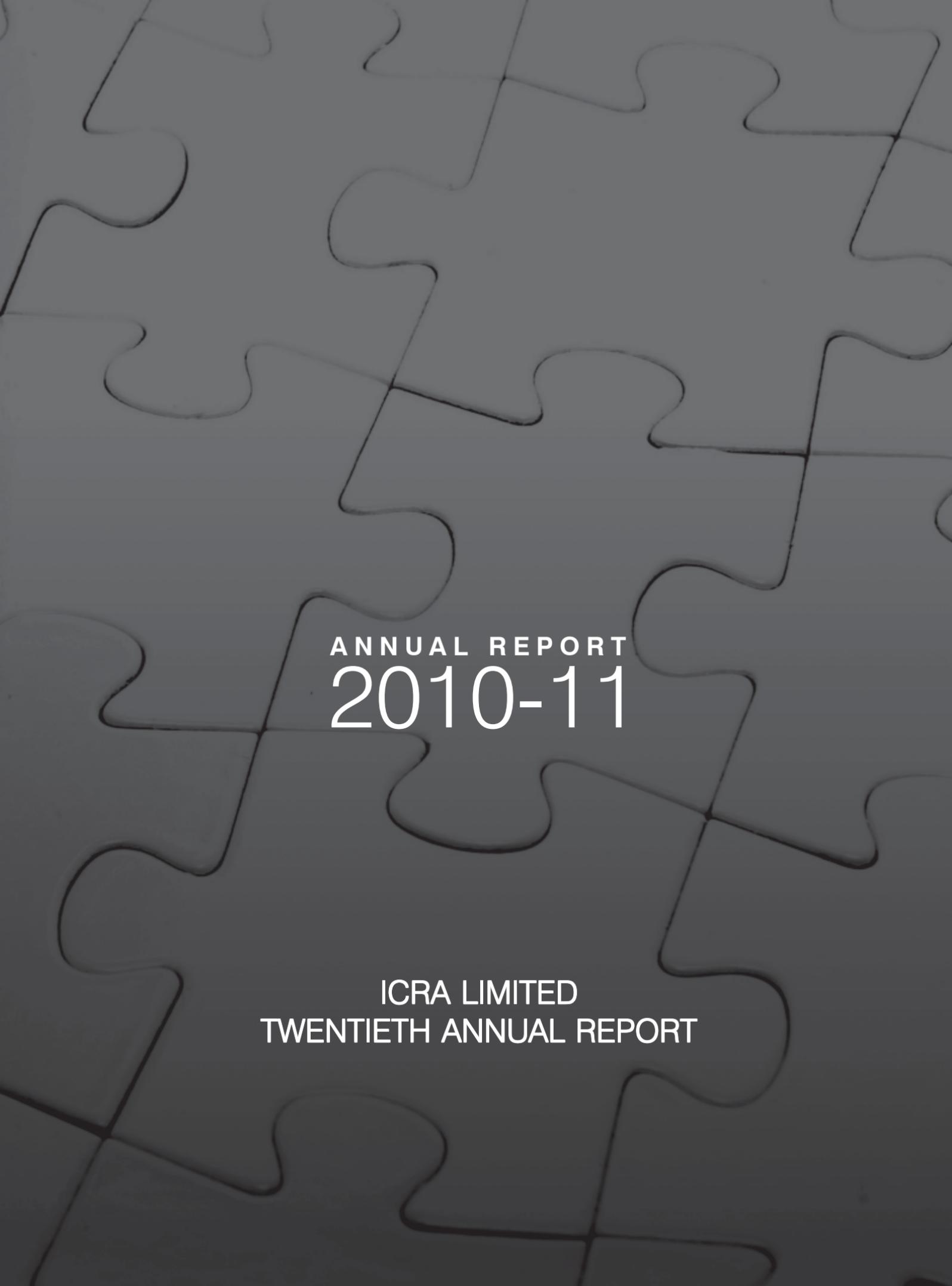
ENHANCING
BUSINESS VALUE
THROUGH **INTELLECTUAL**
LEADERSHIP

ANNUAL REPORT
2010-11



ICRA Limited

An Associate of Moody's Investors Service

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ANNUAL REPORT
2010-11

ICRA LIMITED
TWENTIETH ANNUAL REPORT



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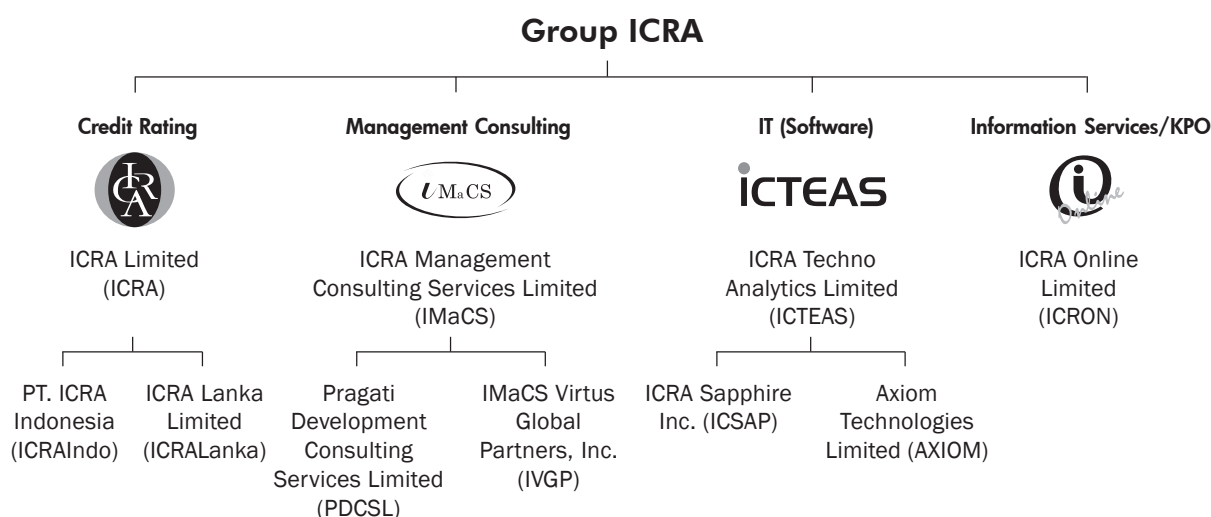
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ICRA at a Glance


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 Service¹ 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	ICRAIndo**	ICRALanka***
RATING SERVICES <ul style="list-style-type: none"> • 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	RATING SERVICES <ul style="list-style-type: none"> • 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	RATING SERVICES <ul style="list-style-type: none"> • 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	ICTEAS	ICRON
CONSULTING SERVICES <ul style="list-style-type: none"> • Strategy • Risk Management • Process Consulting • Transaction Advisory • Policy & Regulation • Development Consulting www.imacs.in	IT SOLUTIONS/ANALYTICS/ENGINEERING <ul style="list-style-type: none"> • Information Technology Solutions <ul style="list-style-type: none"> - 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 <ul style="list-style-type: none"> - Predictive Modelling Solutions - Data Mining Solutions - Business Intelligence and Analytics Solutions • Engineering Services <ul style="list-style-type: none"> - Multidisciplinary Computer Aided Engineering Design Services - Resourcing Services www.ict eas.com	FINANCIAL INFORMATION PRODUCTS AND SERVICES <ul style="list-style-type: none"> • 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) <ul style="list-style-type: none"> • 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.

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ICRA LIMITED

Annual Report
2010-11

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 Mr. Naresh Takkar	Vice-Chairman & Group CEO 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. Dhruba 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, Power Equity Capital Advisors (Pvt.) Limited, PTC India Financial Services Limited, RK Wind Limited, Henkel India 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. 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 has 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 Gunwantrai 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. of India, 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 the Chairman of ICRA Online Limited and a Director on the Boards of ICRA Management Consulting Services Limited, ICRA Techno Analytics Limited, PT. ICRA Indonesia, ICRA Lanka Limited and ICRA Sapphire Inc. (USA). Besides, he is a Director on the Boards of Peerless Securities Limited, The Peerless General Finance & Investment Company Limited, and Indian Railway Finance Corporation 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.B. from the Indian Institute of Bankers. With a professional experience of over 38 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 and of ICRA Online 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



Ms. Anuradha Ray
Senior Vice-President



Mr. Vijay Wadhwa
Chief Financial Officer &
Company Secretary

Directors' Report

To The Members, ICRA Limited

Your Directors have pleasure in presenting the 20th Annual Report of your Company along with the Audited Accounts for the year ended March 31, 2011.

Financial Performance

During its 20th year of operations, your Company earned a Net Profit of Rs. 44.91 crore as against Rs. 50 crore during the previous year. Your Company's Earning per Share and Cash Earning per Share¹ for the year ended March 31, 2011 were Rs. 44.91 and Rs. 54.46, respectively, as against Rs. 50 and Rs. 51.96, respectively, in the previous year. The financial results of your Company for the year ended March 31, 2011 are presented in the following table.

Particulars	2009-10 (Rs. crore)	2010-11 (Rs. crore)
Income from Operations	106.16	129.31
Other Income	21.78	12.54
Total Income	127.94	141.85
Total Expenditure	(51.87)	(71.01) [†]
Profit before Depreciation and Tax	76.07	70.84
Depreciation	(1.96)	(2.04)
Profit before Tax	74.11	68.80
Provision for Taxes	(24.11)	(23.89)
Profit after Tax	50.00	44.91
Balance Brought Forward	30.41	55.59
Profit Available for Appropriation	80.41	100.50
Appropriations		
Proposed Dividend	17.00	17.00
Corporate Tax on Proposed Dividend	2.82	2.68
Transfer to General Reserve	5.00	4.50
Balance carried to Balance Sheet	55.59	76.32
	80.41	100.50

Review of Operations

Rating Services

Market Overview

The economic revival that had gained a foothold during the previous fiscal year consolidated itself in 2010-11, drawing mainly on robust consumption demand. A normal monsoon in 2010 turned farm

¹ Cash EPS is computed after considering Depreciation and Amortisation of Deferred Employees Compensation

[†] Includes Rs. 7.51 crore towards Amortisation of Deferred Employees Compensation for Options granted under the Employees Stock Option Scheme of your Company

Directors' Report

output around and helped the rural economy that was already benefiting from higher government spending on social sector schemes. The revival in the rural economy in turn fed the growth in domestic consumption during 2010-11. Merchandise exports also reported high growth in 2010-11 following greater diversification of destinations against the backdrop of broadly improving global economic conditions.

However, while India remained one of the fastest growing economies in the world in 2010-11, the private capital expenditure (capex) cycle failed to pick up pace during the year. In the face of a persistently high headline inflation rate, the Reserve Bank of India (RBI) resorted to a series of monetary tightening measures, which eventually got transmitted into higher bank lending rates. Besides, systemic liquidity remained in deficit for large parts of 2010-11, pushing up short-term interest rates. Further, commodity prices displayed an uptrend in the latter part of 2010-11, with high crude oil prices in particular posing a challenge to the current account deficit, besides the fuel subsidy bill and the inflation rate.

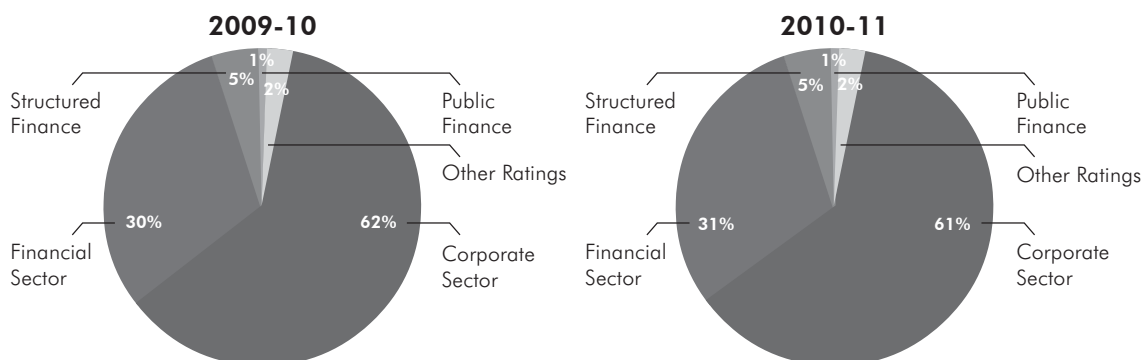
All these factors, exacerbated by market volatility, weak market sentiments, and the absence of fresh awards in the infrastructure sector (notably roads), contributed to exerting a downward pressure on long-term bond issuances in 2010-11. While bank credit did report robust overall growth in 2010-11 over the previous fiscal, this was partly on account of the institutional credit that telecom players accessed ahead of the spectrum and bandwidth auctions.

Looking ahead, on the policy front, the RBI is likely to continue with monetary tightening measures to contain inflationary expectations and prevent generalisation of inflation, even as it seeks to ensure that such measures do not derail growth in the short term. Over the longer term, investments in industrial capacity and in infrastructure, which appear likely at this juncture, would keep the demand for funds high, thereby encouraging growth in bank credit and in issuance volumes in the debt market.

Rating Services Review

Ratings: Segment-wise Revenue Composition

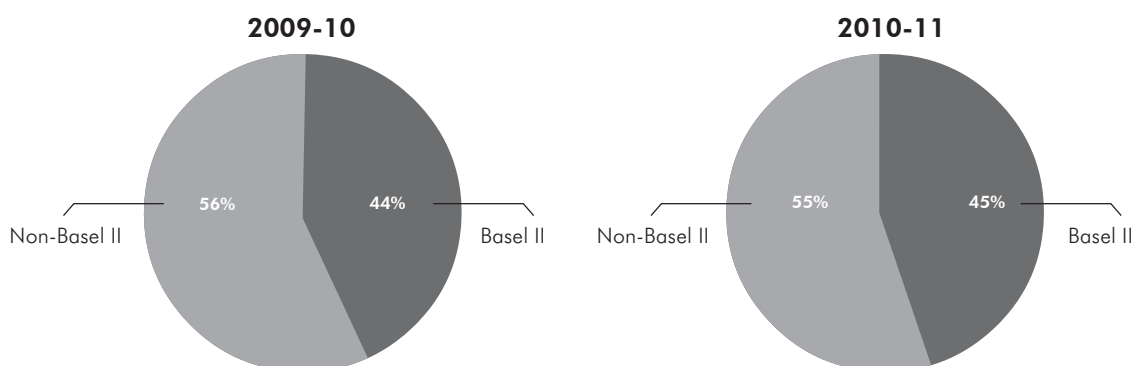
Segment	2009-10 (Rs. crore)	2010-11 (Rs. crore)	Growth (%)
Corporate Sector	65.64	79.45	21%
Financial Sector	32.25	39.81	23%
Structured Finance	5.34	6.25	17%
Public Finance	0.89	1.89	112%
Other Ratings	2.04	1.91	-6%
Total	106.16	129.31	22%



Directors' Report

Composition of Rating Revenues

Segment	2009-10 (Rs. crore)	2010-11 (Rs. crore)	Growth (%)
Basel II	46.21	58.02	26%
Non-Basel II	59.95	71.29	19%



Corporate Sector

The market for Bank Loan Ratings, which had taken off in the second half of 2007-08, continued to provide opportunities for the expansion of rating coverage in 2010-11 as well, providing for an increase in the number of Ratings assigned, although the smaller ticket size of individual mandates led to further moderation of growth from fresh business in this segment. A revival in the capex cycle, in addition to an increase in the economic growth momentum, would stimulate expansion in bank lending to the corporate sector, and correspondingly, in the Bank Loan Rating segment.

The market for Grading of Initial Public Offerings (IPOs), which improved during the first half of 2010-11, slackened thereafter. Given the magnitude of fund raising envisaged during the current year through IPOs, and the gradual improvement in market sentiments seen during the last few months, the market for IPO Gradings should be buoyant during 2011-12.

The lack of a vibrant Corporate Bond market continues to be a challenge, and given its importance in the funding of the vast investment requirements of both the infrastructure and industrial sectors, the Government including the regulating agencies are keen on giving it the necessary fillip. 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 enable the development of the Corporate Bond market over time.

Financial Sector

Credit offtake from banks remained robust for most of 2010-11 on the back of sustained economic growth, besides access of credit by telecom entities (ahead of the spectrum/bandwidth auctions) and some others in the infrastructure space and by Non-Bank Finance Companies (which continued to increase their scale of operations). However, the total volume of capital debt issuances by banks was lower in 2010-11 as they used the capital that had been mobilised earlier. The anticipated equity infusion by the Government of India into most public sector banks was another factor that contributed to lower debt capital issuance by banks. On the other hand, banks continued to place Certificates of Deposit (CDs) in 2010-11, especially in the second half of 2010-11, to fund demand for credit and also in anticipation of further rate increases over the short term.

Directors' Report

Most NBFCs were able to grow their business in 2010-11, drawing on a growing economy and supported by greater access to funds. Infrastructure finance companies were allowed to mobilise retail funds by issuing tax-free bonds in 2010-11; while the scheme has elicited a mixed response, it is expected to enable these companies diversify their funding avenues. 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 the year under review, adding new Asset Management Companies (AMCs) as clients, besides rating more debt schemes of its existing AMC-clients.

Going forward, rating activity in the financial sector is expected to grow, driven by investment and consumption demand in the economy.

Structured Finance

Securitisation of retail loans as well as securitisation of individual corporate loans continued to be dominated by a few large issuers during the year under review, as had been the case earlier as well. However, the latter segment was impacted negatively by the draft guidelines issued by RBI in the first quarter of 2010-11, which prescribed a minimum holding period before any loan can get securitised and also a minimum retention requirement post-securitisation. The issuer's motivation to securitise was also partly hampered by hardening interest rates, and therefore higher cost, especially during the second half of 2010-11. Thus, overall securitisation volumes during the year under review dipped by an estimated 40% or so. Nevertheless, during 2010-11, your Company was able to improve its share of the retail loan securitisation market relative to the previous year on the strength of its improved market presence.

Going forward, regulatory factors such as Priority Sector Loan (PSL) requirements and the finalisation of the proposals on the lock-in period and the retention requirement for securitisation are expected to continue influencing securitisation volumes significantly. Besides, growth of originators' loan books and investor appetite (in turn influenced by the liquidity in the system) would also have a major role in determining the 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

Given its extensive knowledge base and continuing research, your Company has an in-depth understanding of, and insights into, the trends emerging across a wide spectrum of industries. The sectoral research reports published by your Company present a thorough analysis (from the credit perspective) of the developments and trends that have emerged and are likely to emerge in the various industrial sectors in which it has business interest. Apart from these sectoral research reports, your Company has also been publishing rating methodology notes to better promote the cause of transparency and investor education.



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. 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 Basel II guidelines and on ICRA's rating approach in this context in several tier II cities to address the issues concerning many first-time ratees and intermediaries. Joint seminars with Moody's Investors Service were conducted, which were all well attended and appreciated. Several teleconferences were also 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 Eighth Annual ICRA Mutual Fund Awards during 2010-11. These awards have gained considerable popularity over the years. Further, in 2010-11, your Company partnered with Bloomberg UTV in the first edition of their Financial Leadership Awards, a unique attempt at recognising superior performance across the financial sector space that features, among others, banks, insurance companies, mutual funds and broking firms. Your Company also continues to power the Financial Advisor and International Trade Awards along with CNBC-TV18, 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, PT. ICRA Indonesia (ICRAIndo), the Indonesian venture of your Company, commenced credit rating services in Indonesia following the grant of rating licence by the Capital Market and Financial Supervisory Board, Ministry of Finance, Republic of Indonesia. Your Company holds 99% of the share capital in ICRAIndo, the balance 1% being held by one of ICRAIndo's employees.

During 2010-11, M-Serve Business Solutions Private Limited—a wholly-owned subsidiary of ICRA Online Limited, which is a wholly-owned subsidiary of your Company—being non-functional, wound up its operations after completing the necessary formalities.

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 2010-11 of the subsidiary companies, namely, ICRA Management Consulting Services Limited; ICRA Techno Analytics Limited; ICRA Online Limited; PT. ICRA Indonesia; ICRA Lanka Limited; ICRA Sapphire Inc.; IMaCS Virtus Global Partners Inc.; Axiom Technologies Limited; 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 Annual Accounts 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 2010-11, which form a part of the Annual Report, are attached. The Auditors' Report on the Consolidated Financial Statements is also attached. A statement

Directors' Report

containing brief financial details of the said subsidiary companies is annexed, as prescribed by the Ministry of Corporate Affairs, Government of India, with 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 the year 1998-99, your Company had filed a suit with the Hon'ble High Court of Delhi for recovery of a deposit of Rs. 46.70 lakh along with interest due thereon, receivable from Associated Journals Limited representing refund of the security deposit for premises located at Herald House, Bahadurshah Zafar Marg, New Delhi. During 2007-08, a ruling was passed in favour of your Company by the Hon'ble High Court of Delhi. Subsequently, your Company made an application for release of the monies deposited with the Hon'ble High Court of Delhi by Associated Journals Limited following the 2007-08 ruling. The matter is pending before the Hon'ble High Court of Delhi.

Branches of the Company

Your Company operates its business from its offices located in Delhi, Gurgaon, Mumbai, Kolkata, Chennai, Ahmedabad, Bangalore, Hyderabad, and Pune. The additional office premises taken on lease at Hyderabad and Kolkata were renovated during the year under review.

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 employees and management of your Company continued to remain 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 continued to remain high during the year, contributing positively to the progress of your Company.

Employees Stock Option Scheme (ESOS)

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 Employees Stock Option Scheme 2006 (ESOS) are annexed to the Directors' Report. The ESOS 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



Directors' Report

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

The Board of Directors of your Company has, at its meeting on May 11, 2011, approved the reappointment of Mr. Pranab Kumar Choudhury as Whole-time Director (Vice-Chairman & Group CEO) for a period of two years with effect from February 1, 2012, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Further, the Board of Directors of your Company has, at its meeting on May 11, 2011, approved the reappointment of Mr. Naresh Takkar as Whole-time Director (Managing Director & CEO) for a period of five years with effect from July 1, 2011, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Pursuant to the provisions of Sections 255 and 256 of the Companies Act, 1956, and the Articles of Association of your Company, Prof. Deepak Nayyar and Mr. Piyush Gunwantrai Mankad 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 20th Annual General Meeting, as required under Clause 49 of the Listing Agreement.

Directors' Report

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, the applicable accounting standards had been followed;
- (ii) the Directors had 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 had 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 had prepared the Annual Accounts on a going concern basis.

Auditors

Messrs Vipin Aggarwal & Associates, Chartered Accountants, Statutory Auditors of your Company, retire at 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.

Transfer to Reserves

Your Company proposes to transfer Rs. 4.50 crore (10% of the Net Profit for the year) to the General Reserve. An amount of Rs. 76.32 crore is proposed to be retained in the Profit & Loss Account.

Dividend

The Board of Directors recommends for approval of the shareholders at the forthcoming Annual General Meeting, payment of dividend of Rs. 17 per Equity Share for the financial year ended March 31, 2011. 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 August 8, 2011; 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.

On behalf of the Board of Directors

Place : Gurgaon
Date : May 11, 2011

(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, 2011)	Tranche 2 (As on March 31, 2011)
(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	2,72,500
(b) The Pricing Formula	IPO Issue Price	IPO Issue Price
(c) Options Vested	5,44,859	Nil
(d) Options Exercised	3,18,466	Nil
(e) Total Number of Shares arising as a result of Exercise of Options	3,18,466 equity shares of Rs. 10/- each	Nil
(f) Options Lapsed	73,853	2,670
(g) Variation of Terms of Options	Nil	Nil
(h) Money Realised by Exercise of Options	Rs. 10,50,93,780	Nil
(i) Total Number of Options in Force	2,26,393	2,69,830
(i) Employee-wise details of Options granted under Tranche 2		
(i) The options that 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
Ms. Anuradha Ray	Senior Vice-President	1,660	1,245	1,245
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

(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. 44.91

- (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 would have been higher by Rs. 40.63 lakh. Consequently profit after tax would have been lower by Rs. 40.63 lakh and the basic and diluted EPS of the Company would have been Rs. 44.51

- (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	Weighted Average Exercise Price (in Rs.)	Weighted Average Fair Values of Options (in Rs.) Face Value Rs. 10	Closing Market Price at BSE/NSE
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 and July 29, 2008.

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

Place : New Delhi
Date : May 11, 2011

(Vipin Aggarwal)
Membership No. 16544

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	-
Total	9	100	
Independent Directors	5	56	33%
Non-Independent Directors	4	44	-
Total	9	100	

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. 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.

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

Name of Director ¹	Position	Relationship with Other Directors	Directorship in Other Companies ²	No. of Board Committee(s) of which she/he is a Member ³	No. of Board Committee(s) of which she/he is a Chairman ³
Mr. Dhruva Narayan Ghosh	Chairman Non-Executive Independent Director	None	5	1	1
Mr. Pranab Kumar Choudhury	Executive Non-Independent Director	None	9	4	None
Mr. Naresh Takkar	Executive Non-Independent Director	None	2	1	1
Dr. Uddesh Kohli	Non-Executive Independent Director	None	7	6	2
Prof. Deepak Nayyar	Non-Executive Independent Director	None	2	2	2
Mr. Piyush Gunwantrao Mankad	Non-Executive Independent Director	None	12	8	2
Mr. Amal Ganguli	Non-Executive Independent Director	None	14	6	5
Ms. Jennifer Ann Elliott	Non-Executive Non-Independent Director	None	22	1	None
Mr. Frederic Walter Jacques Drevon	Non-Executive Non-Independent Director	None	21	None	None

¹ Except Mr. Pranab Kumar Choudhury, none of the Directors of your Company was holding any shares of your Company as on March 31, 2011.

² Including Private Companies and Foreign Companies.

³ 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
Mr. Dhruba Narayan Ghosh	<ul style="list-style-type: none"> Housing Development Finance Corporation Limited Sundaram BNP Paribas Asset Management Company Limited ICRA Management Consulting Services Limited Birla Corporation Limited Peerless Hospitex Hospital and Research Center Limited
Mr. Pranab Kumar Choudhury	<ul style="list-style-type: none"> ICRA Online Limited ICRA Management Consulting Services Limited ICRA Techno Analytics Limited Peerless Securities Limited Indian Railway Finance Corporation Limited ICRA Sapphire Inc. PT. ICRA Indonesia The Peerless General Finance & Investment Company Limited ICRA Lanka Limited
Mr. Naresh Takkar	<ul style="list-style-type: none"> ICRA Techno Analytics Limited ICRA Online Limited
Dr. Uddesh Kohli	<ul style="list-style-type: none"> ALSTOM Projects India Limited Lanco Infratech Limited Power Equity Capital Advisors (Pvt.) Limited PTC India Financial Services Limited RK Wind Limited Henkel India Limited National Energy Trading and Services Limited
Prof. Deepak Nayar	<ul style="list-style-type: none"> Steel Authority of India Limited Birla Corporation Limited
Mr. Piyush Gunwantrao Mankad	<ul style="list-style-type: none"> Tata International Limited Tata Elxsi Limited DSP Blackrock Investment Managers Limited Max India Limited Noida Toll Bridge Company Limited Kingfisher Airlines Limited SRF Limited Heidelberg Cement India Limited Tata Power Company Limited Mahindra Forgings Limited Mahindra & Mahindra Financial Services Limited United Breweries (Holdings) Limited
Mr. Amal Ganguli	<ul style="list-style-type: none"> ML Infomap Private Limited HCL Technologies Limited New Delhi Television Limited Century Textiles and Industries Limited AVTEC Limited Hughes Communications India Limited Maruti Suzuki India Limited

Corporate Governance Report

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

Corporate Governance Report

(iii) Board Meetings/Annual General Meeting

During the year 2010-11, the Board of Directors of your Company met five times: on May 18, 2010; August 12, 2010; August 31, 2010; November 9, 2010; and February 2, 2011. The previous Annual General Meeting was held on August 12, 2010.

Details regarding the attendance of Directors at the Board Meetings and the Annual General Meeting held during the year 2010-11 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	5	4	Yes
Mr. Pranab Kumar Choudhury	5	5	Yes
Mr. Naresh Takkar	5	5	Yes
Dr. Uddesh Kohli	5	4	Yes
Prof. Deepak Nayyar	5	4	Yes
Mr. Piyush Gunwantrao Mankad	5	4	No
Mr. Amal Ganguli	5	4	Yes
Ms. Jennifer Ann Elliott	5	4	Yes
Mr. Frederic Walter Jacques Drevon	5	3	No

(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.

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, 2011.

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 so 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 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 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 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. Dhruva Narayan Ghosh, is a Non-Executive Independent Director.

The Composition of the Audit Committee is as under:

1. Mr. Dhruva 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, 2010, and it was attended by Mr. Dhruva Narayan Ghosh, Chairman of the committee.

The Audit Committee met four times during the year 2010-11: on May 18, 2010; August 12, 2010; November 9, 2010; and February 2, 2011. The following table presents the details of attendance at the Audit Committee meetings held during the year 2010-11.

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

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 Director. The committee consists of:

1. Mr. Dhruva Narayan Ghosh, Chairman,
2. Prof. Deepak Nayyar,
3. Mr. Piyush Gunwantrai Mankad, and
4. Mr. Frederic Walter Jacques Devon.

During 2010-11, a meeting of the Remuneration Committee was held on August 12, 2010.

The following table presents the details of attendance at the Remuneration Committee meeting held during the year 2010-11.

Director	No. of Meetings Held	No. of Meetings Attended
Mr. Dhruva Narayan Ghosh, Chairman	1	1
Prof. Deepak Nayyar	1	1
Mr. Piyush Gunwantrai Mankad	1	Nil
Mr. Frederic Walter Jacques Devon	1	Nil

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

Corporate Governance Report

Remuneration Policy

Executive Directors

During the year 2010-11, 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:

- (a) **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;
- (b) **Deferred Pay:** This is paid in the form of Deferred Incentive;
- (c) **Share of Profit:** This is paid in the form of Commission; and
- (d) **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, 2011

(Amounts in Rupees)

Name	Mr. Pranab Kumar Choudhury	Mr. Naresh Takkar
Designation	Vice-Chairman & Group CEO	Managing Director & CEO
Salary	46,80,000	38,10,000
Allowances	61,61,748	56,73,798
Perquisites	9,92,379	7,98,997
Commission	71,85,000	71,85,000
Amortisation of Deferred Employees Compensation	33,41,161	33,41,161
Provident Fund Contribution	6,09,600	4,92,600
Total Remuneration	2,29,69,888	2,13,01,556
Appointment Valid Till	January 31, 2012	June 30, 2011
Notice Period	3 months	3 months
No. of Stock Options Granted During the Year	12,000*	12,000*

*Subject to approval of the Shareholders

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 2010-11

(Amounts in Rupees)

S.No.	Name of the Director	Sitting Fees Paid
1	Mr. Dhruva Narayan Ghosh	2,00,000
2	Dr. Uddesh Kohli	1,60,000
3	Prof. Deepak Nayyar	2,40,000
4	Mr. Piyush Gunwantrao Mankad	80,000
5	Mr. Amal Ganguli	1,40,000
6	Ms. Jennifer Ann Elliott	1,60,000
7	Mr. Frederic Walter Jacques Drevon	80,000

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, and divided among them who were on the Board of the Company at the end of respective financial year or in such a manner as the Board of Directors deems fit.

Commission Payable to Non-Executive Directors for the year 2010-11

(Amounts in Rupees)

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

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 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.

During 2010-11, a meeting of the Shareholders'/Investors' Grievance Committee was held on February 2, 2011.

Corporate Governance Report

The following table presents the details of attendance at the Shareholders'/Investors' Grievance Committee meeting held during the year 2010-11.

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 five complaints from shareholders/investors during the financial year 2010-11 all of which were redressed to the satisfaction of the shareholders/investors concerned. There was one complaint pending at the beginning and end of the financial year 2010-11.

(iv) ESOS Compensation Committee

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

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

During 2010-11, a meeting of the ESOS Compensation Committee was held on November 9, 2010.

The following table presents the details of attendance at the ESOS Compensation Committee meeting held during the year 2010-11.

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

During 2010-11, the ESOS Compensation Committee granted 2,72,500 Options to the eligible Optionees of the Company as per the Employees Stock Option Scheme, 2006.

(v) Strategy Committee

The Strategy Committee is headed by a Non-Executive 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 2010-11, no meeting of the Strategy Committee was held.

Corporate Governance Report

D. 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
Seventeenth Annual General Meeting	July 29, 2008 at 15:00 hours	Air Force Auditorium, Subroto Park; New Delhi 110 010
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

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

Seventeenth Annual General Meeting held on July 29, 2008

- To reappoint M/s. Vipin Aggarwal & Associates, Chartered Accountants, as Auditors of your Company for the year 2008-09.
- To approve payment of Remuneration to Non-Executive Directors of the Company by way of Commission.
- To ratify the Employees Stock Option Scheme, 2006, formulated prior to the Initial Public Offer of the Company through Offer for Sale.

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.

Postal Ballot

For the year ended March 31, 2011, there were no Ordinary or Special Resolutions that needed to be passed by the shareholders through postal ballot.

E. Disclosures

(i) Related-Party Transactions

There have been no materially significant related-party transactions, pecuniary transactions or relationships between your Company and the Directors, management, subsidiary companies or related parties except for those disclosed in the financial statements for the year ended March 31, 2011.

(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.

Corporate Governance Report

(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.

F. Means of Communication

1. Your Company's corporate website 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.
3. The annual report is dispatched to all shareholders and also made available on its website www.icra.in.
4. The shareholding pattern, updated every quarter, is displayed on its website www.icra.in.
5. Press releases issued are also displayed on the website www.icra.in.

G. 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.

H. CEO/CFO Certification

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

I. 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

J. General Shareholders' Information

1.	Annual General Meeting Date Time Venue	August 12, 2011 15:00 hours Air Force Auditorium, Subroto Park; New Delhi 110 010
2.	Financial Year Quarterly results will be declared as per the following tentative schedule: <ul style="list-style-type: none"> Financial reporting for the quarter ending June 30, 2011 Financial reporting for the half year ending September 30, 2011 Financial reporting for the quarter ending December 31, 2011 Financial reporting for the year ending March 31, 2012 	Financial year is April 1 to March 31 First fortnight of August 2011 First fortnight of November 2011 First fortnight of February 2012 Second fortnight of May 2012
3.	Dates of Book Closure	August 9, 2011 to August 11, 2011 (both days inclusive)
4.	Proposed Dividend	The Board of Directors has recommended a dividend of Rs. 17 per equity share of the face value of Rs. 10 each for the financial year ended March 31, 2011
5.	Dividend Payment Date	Dividend on equity shares for the year ended March 31, 2011, as recommended by the Directors and approved by the shareholders at the Annual General Meeting, will be paid/despatched on August 19, 2011
6.	Listing on Stock Exchanges	The shares of your Company are listed on: <ul style="list-style-type: none"> The Bombay Stock Exchange Limited P.J. Towers, Dalal Street, Mumbai 400 001 The National Stock Exchange of India Limited Exchange Plaza Bandra Kurla Complex, Bandra (E), Mumbai 400 051 Your Company has paid the annual listing fee for the financial year 2011-12 to both the Exchanges
7.	Stock Code	Bombay Stock Exchange Limited: 532835 National Stock Exchange of India Limited: ICRA ISIN: INE725G01011
8.	Registrar and Share Transfer Agent	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

Corporate Governance Report

9.	Share Transfer System	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)
10.	Compliance Officer	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.	Dematerialisation of Shares and Liquidity	99.99% shares of your Company are held in the electronic mode
12.	National Electronic Clearing Service (NECS)	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. <u>Therefore, members are requested to update their bank account and latest address details with their respective depository participants</u> (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.
13.	Investor Complaints to be addressed to	Registrar and Share Transfer Agent or to Mr. Vijay Wadhwa, Compliance Officer, at the addresses mentioned earlier

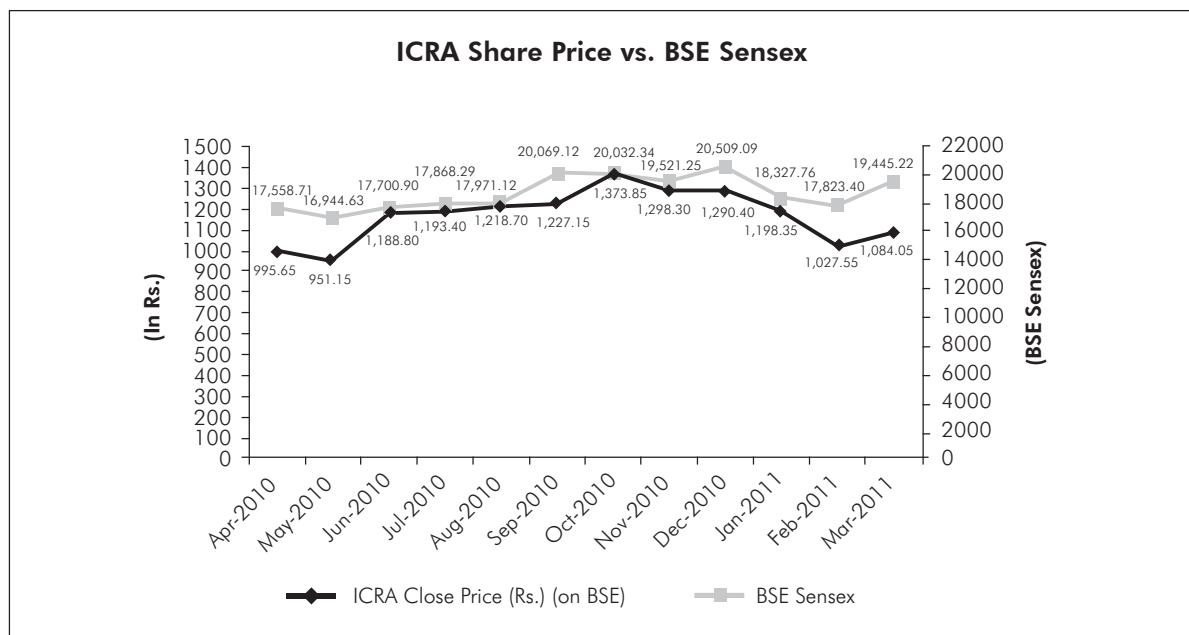
Corporate Governance Report

14. Market Price Data for the year 2010-11

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, 2010 to March 31, 2011 are presented in the following table.

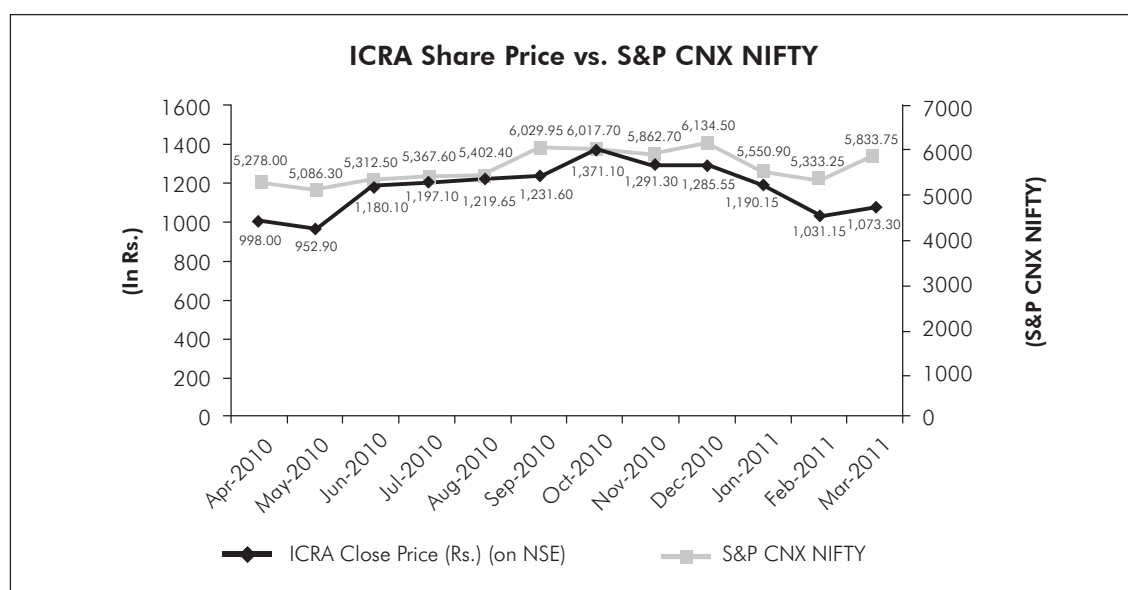
	BSE			NSE			Total Volume on BSE and NSE
	Share Price (Rs.)		Volume	Share Price (Rs.)		Volume	
Month	High	Low			High		Low
April 2010	1,044.90	881.00	187610	1084.30	871.00	276295	463905
May 2010	1,006.00	950.00	42956	1008.85	946.40	140228	183184
June 2010	1,248.70	941.25	227256	1249.80	941.10	368134	595390
July 2010	1,252.00	1,095.00	111184	1242.00	1094.00	191095	302279
August 2010	1,277.80	1,145.00	246445	1282.80	1139.70	411848	658293
September 2010	1,265.80	1,147.00	87298	1270.00	1175.00	219534	306832
October 2010	1,409.00	1,225.10	95637	1421.00	1223.30	170489	266126
November 2010	1,480.00	1,220.00	31354	1465.00	1225.00	67134	98488
December 2010	1,370.00	1,195.65	55120	1440.65	1181.05	81270	136390
January 2011	1,319.75	1,141.00	207701	1309.95	1128.60	246023	453724
February 2011	1,235.00	933.00	21967	1237.95	931.00	87528	109495
March 2011	1,143.95	1,010.50	28536	1130.00	952.00	61676	90212

15. Performance in Comparison with Broad-based Indices



Corporate Governance Report

Month	ICRA Close Price (Rs.) (On BSE)	BSE Sensex
April 2010	995.65	17,558.71
May 2010	951.15	16,944.63
June 2010	1,188.80	17,700.90
July 2010	1,193.40	17,868.29
August 2010	1,218.70	17,971.12
September 2010	1,227.15	20,069.12
October 2010	1,373.85	20,032.34
November 2010	1,298.30	19,521.25
December 2010	1,290.40	20,509.09
January 2011	1,198.35	18,327.76
February 2011	1,027.55	17,823.40
March 2011	1,084.05	19,445.22



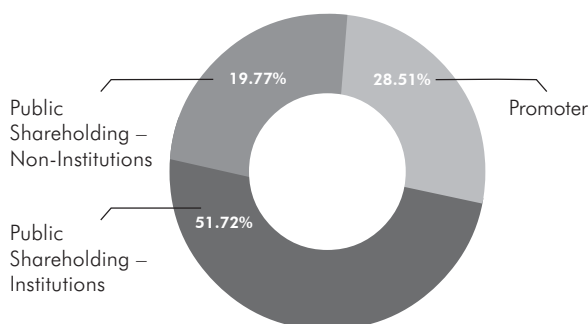
Month	ICRA Close Price (Rs.) (On NSE)	S&P CNX NIFTY
April 2010	998.00	5,278.00
May 2010	952.90	5,086.30
June 2010	1,180.10	5,312.50
July 2010	1,197.10	5,367.60
August 2010	1,219.65	5,402.40
September 2010	1,231.60	6,029.95
October 2010	1,371.10	6,017.70
November 2010	1,291.30	5,862.70
December 2010	1,285.55	6,134.50
January 2011	1,190.15	5,505.90
February 2011	1,031.15	5,333.25
March 2011	1,073.30	5,833.75

Corporate Governance Report

16. Distribution of Shareholding as on March 31, 2011

No. of Equity Shares	No. of Shareholders	%	No. of Shares				%
			Physical	NSDL	CDSL	Total	
Up to 2500	18573	96.59%	345	364520	109129	473994	4.74%
2501 - 5000	291	1.51%		92487	20135	112622	1.13%
5001 - 10000	138	0.72%		85823	21252	107075	1.07%
10001 - 20000	97	0.50%		130747	11877	142624	1.43%
20001 - 30000	26	0.13%		60598	4567	65165	0.65%
30001 - 40000	9	0.05%		31173	0	31173	0.31%
40001 - 50000	17	0.09%		73183	4100	77283	0.77%
50001 - 100000	26	0.14%		185910	8607	194517	1.94%
100001 & Above	52	0.27%		7479927	1315620	8795547	87.96%
Total	19229	100.00%	345	8504368	1495287	10000000	100.00%

17. Shareholding Pattern as on March 31, 2011



Shareholding Pattern (As on March 31, 2011)	%
Promoter	28.51
Public Shareholding-Institutions	51.72
Public Shareholding-Non-Institutions	19.77
Total	100.00

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
Total	NIL	NIL	NIL
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
Total	NIL	NIL	NIL
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
Total	NIL	NIL	NIL
Total paid-up capital of the Company assuming full conversion of warrants and convertible securities	NIL	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) ¹	As a percentage of (A+B+C)	No. of Shares	As a percentage (IX)=(VIII)/(IV)* 100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)* 100
(A)	Shareholding of Promoter and Promoter Group²							
1	Indian							
(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
	Sub Total(A)(1)	1	2,850,900	2,850,900	28.51	28.51	0	0.00
2	Foreign							
(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
(d-i)	NIL	0	0	0	0.00	0.00	0	0.00
(d-ii)	NIL	0	0	0	0.00	0.00	0	0.00
	Sub Total(A)(2)	0	0	0	0.00	0.00	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	1	2,850,900	2,850,900	28.51	28.51	0	0.00
(B) 1	Public Shareholding³						NA	NA
(a)	Mutual Funds/UTI	22	1,182,592	1,182,592	11.83	11.83		
(b)	Financial Institutions/Banks	12	1,849,307	1,849,307	18.49	18.49		
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00		
(d)	Venture Capital Funds	0	0	0	0.00	0.00		
(e)	Insurance Companies	3	1,191,740	1,191,740	11.92	11.92		
(f)	Foreign Institutional Investors	28	948,234	948,234	9.48	9.48		
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00		
(h)	Any Other (specify)	0	0	0	0.00	0.00		
(h-i)	NIL	0	0	0	0.00	0.00		
(h-ii)	NIL	0	0	0	0.00	0.00		
	Sub-Total (B)(1)	65	5,171,873	5,171,873	51.72	51.72		

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) ¹	As a percentage of (A+B+C)	No. of Shares	As a percentage (IX) = (VIII)/(IV)* 100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	
(B) 2	Non-institutions						NA	NA
(a)	Bodies Corporate	436	274,077	274,077	2.74	2.74		
(b)	Individuals							
	i. Individual shareholders holding nominal share capital up to Rs 1 lakh.	17,661	837,809	837,464	8.38	8.38		
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	7	168,910	168,910	1.69	1.69		
(c)	Any Other							
(c-i)	Trusts	8	590,737	590,737	5.91	5.91		
(c-ii)	Non-Resident Indians	294	65,485	65,485	0.65	0.65		
(c-iii)	Overseas Corporate Bodies	0	0	0	0.00	0.00		
(c-iv)	Clearing Members	28	850	850	0.01	0.01		
(c-v)	Hindu Undivided Families	729	39,359	39,359	0.39	0.39		
	Sub-Total (B)(2)	19,163	1,977,227	1,976,882	19.77	19.77		
(B)	Total Public Shareholding (B) = (B)(1)+(B)(2)	19,228	7,149,100	7,148,755	71.49	71.49	NA	NA
	TOTAL (A)+(B)	19,229	10,000,000	9,999,655	100.00	100.00		
(C)	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
	TOTAL (C) = C1+C2	0	0	0	0	NA	0.00	NA
	GRAND TOTAL (A)+(B)+(C)	19,229	10,000,000	9,999,655	100.00	100.00		0.00

¹ For determining public shareholding for the purpose of Clause 40A of the Listing Agreement.

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

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

NA - Not Applicable

Corporate Governance Report

18. Statement showing Shareholding of persons belonging to the category "Public" and holding more than 1% of the total number of Shares as on March 31, 2011

Sl.	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}
1	Acacia institutional partners, LP	135000	1.35000
2	Tiger Global Mauritius Fund	149665	1.49665
3	Central Bank of India	158419	1.58419
4	IDFC Small and Midcap Equity (SME) Fund	160000	1.60000
5	SBI Tax Advantage Fund - Series I	162127	1.62127
6	Acacia partners, LP	167357	1.67357
7	Birla Sun Life Trustee Company Private Limited A/c Birla Sun Life Tax Relief 96	324000	3.24000
8	Punjab National Bank	501646	5.01646
9	General Insurance Corporation of India	522999	5.22999
10	ICRA Employees Welfare Trust	587534	5.87534
11	Life Insurance Corporation of India	668086	6.68086
12	State Bank of India	999900	9.99900
	TOTAL	4536733	45.36733

On behalf of the Board of Directors

Place : Gurgaon
Date : May 11, 2011

(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, 2011, 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, 2011

(Vipin Aggarwal)
Membership No. 16544

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, 2011 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 : Gurgaon
Date : May 11, 2011

(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 2010-11.

Place : Gurgaon
Date : May 11, 2011

(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 consolidate its position as one of the fastest growing economies in the world, despite the emergence of headwinds in the form of persistently high inflation levels, tight liquidity conditions and rising interest rates, especially during the second half of the year. In response to the prevailing inflationary pressures, the Reserve Bank of India (RBI) reversed the easy monetary policy that had been followed since the onset of the global economic slowdown in 2008-09, raising the repo and reverse repo rates by 250 and 300 basis points (bps), respectively, beginning March 2010. Investment demand was sluggish during 2010-11 led by a combination of factors, including expectations of a hardening interest rate scenario (given the monetary tightening), moderating business confidence and issues relating to governance in some sectors.

Credit growth was robust in 2010-11, primarily because of the borrowings by the telecom sector in the first quarter, and the pick-up in credit to other infrastructure sectors (particularly power) and to non-banking finance companies. While the ratings business continued to benefit from the growth in credit off-take and the expansion in the coverage of bank loan ratings (to bring a larger number of borrowers into the universe), a marked slowdown in long-term debt issuances during the second half of the year, highlighting the sensitivity of fund raising plans of Corporates to movements in interest rates and overall business sentiments, adversely impacted volumes in the debt rating segment.

Looking ahead, the operating environment appears challenging, with interest rates raring to move up further, commodity prices seeking to follow suit, and fiscal policy making a distinct move away from the expansionary mode that it was in so far. While the ratings business 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. Nevertheless, greater fund raising to meet investment demand, continuing thrust on operationalising agencies like the Infrastructure Debt Fund, and raising of bonds through guarantees from specialised institutions should benefit the debt market and the ratings business. ICRA also expects greater participation in the debt markets from foreign investors, insurance companies, mutual funds and pension funds. Such entities are likely to exercise greater care while investing and could prefer ratings from reputed rating agencies. Other financial sector reform measures like the introduction of credit default swaps by the 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, 2011 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:

(a) Incomes

(in Rs. crore)

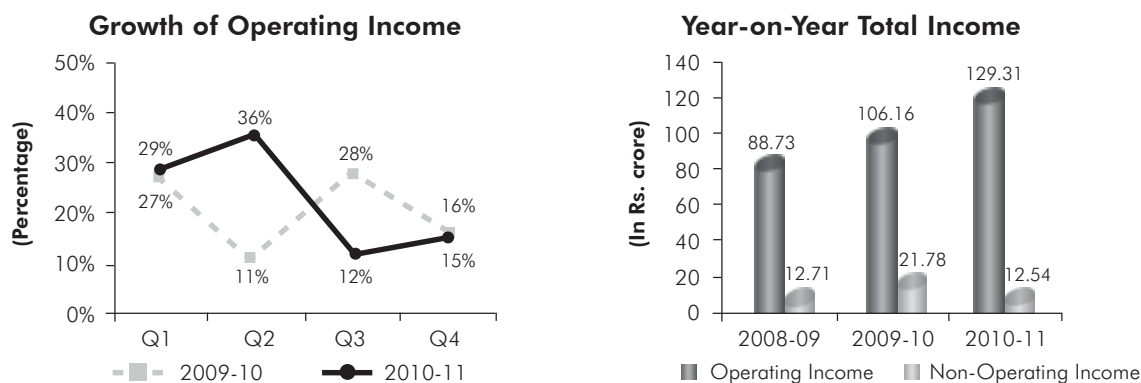
Particulars	For the Year ended on 31/03/2010	For the Year ended on 31/03/2011	Growth (%)
Operating Income (consisting of Rating Services, Grading Services and Information Services Income)	106.16	129.31	22%
Non-Operating Income	21.78	12.54	-42%
Total Income	127.94	141.85	11%

Management Discussion And Analysis Report

(Annexure to the Directors' Report)

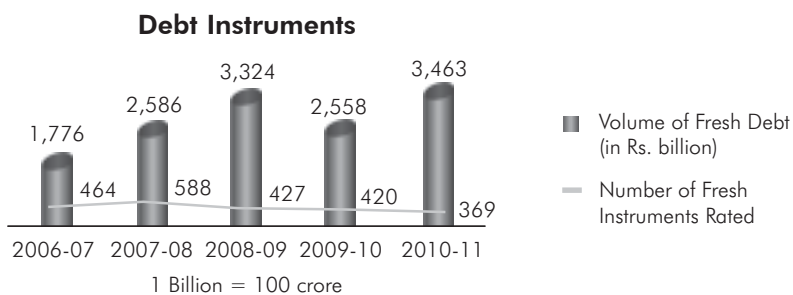
The growth in **Rating Services Income** during 2010-11 is attributable to the increase in income from ratings in the corporate and financial sectors. The increase in ratings of debt instruments and expansion of bank loan ratings contributed to the ratings growth in both these sectors. Besides rating 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 2010-11.

Trend in Financial Performance



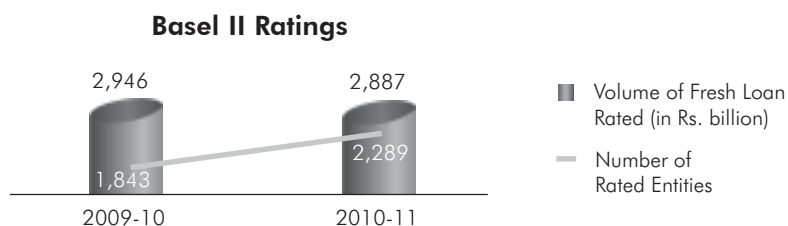
Debt Instruments

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 two years are as under:



With the coverage of bank loan ratings under Basel II increasing to include even smaller entities, while the number of new entities rated by ICRA increased during 2010-11, the value of the fresh volume of bank loans rated declined.

Management Discussion and Analysis Report

(Annexure to the Directors' Report)

Operations relating to **Information Services** were scaled down during fiscal 2010-11.

Non-Operating Income

(in Rs. crore)

Particulars	2009-10	2010-11	Growth (%)
Interest	8.08	6.50	-20%
Dividend on Non-Trade Investments	3.52	2.69	-24%
Profit on Sale/Redemption of Investments	0.70	2.19	213%
Rental Income	0.99	1.01	2%
Reversal of Diminution in Carrying Value of Investments	8.22	0.00	-100%
Others	0.27	0.15	-44%
Total	21.78	12.54	-42%

Interest Income declined by 20% during 2010-11 mainly because the fixed deposits that matured during the year had been contracted at the lower interest rates that were prevailing during 2009-10.

Dividend Income declined by 24% during 2010-11 because of the redemption of mutual fund units under Balanced Schemes on which dividend was received in 2009-10.

Profit on Sale/Redemption of Investments increased by 213% during 2010-11 over the previous fiscal. The profit on the redemption of mutual fund units was much higher during the year under review because of the redemption of mutual fund units under Balanced Schemes.

Rental Income increased by 2% during 2010-11 over the previous fiscal because of the normal annual increase in rent for office space provided to ICRA Management Consulting Services Limited, a wholly-owned subsidiary of the Company, at different locations.

Reversal in Diminution in Carrying Value of Investments is nil for 2010-11 as against Rs. 8.22 crore for the previous year as booking of substantial amount in the previous year on rise in stock market impacting positively to the value of investments.

(b) Expenses

(in Rs. crore)

Particulars	2009-10	2010-11	Growth (%)
Personnel Expenses	35.41	49.55	40%
Administrative Expenses	6.10	6.26	3%
Other Expenses	10.37	15.16	46%
Diminution in Carrying Value of Investments	0.00	0.04	
Total Expenses	51.88	71.01	37%
PBDIT	76.07	70.84	-7%
Profit & Loss A/c—Some Indicators (%)			
PBDIT/Total Income	59%	50%	
Personnel Expenses/Total Income	28%	35%	
Administrative Expenses/Total Income	5%	4%	
Other Expenses*/Total Income	8%	11%	
Total Expenses/Total Income	41%	50%	

PBDIT: Profit before Depreciation, Interest and Taxes

*Other Expenses include Diminution in Carrying Value of Investments

Management Discussion and Analysis Report

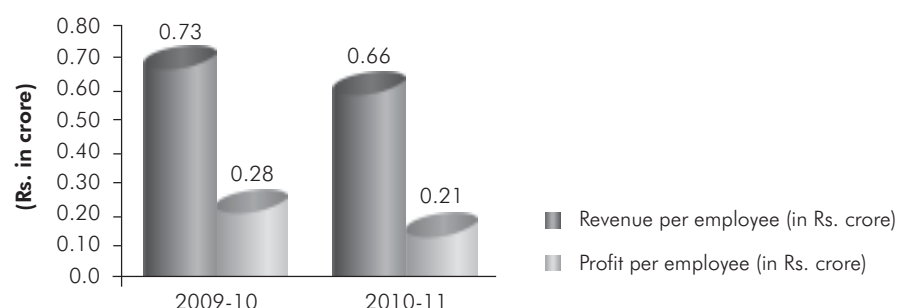
(Annexure to the Directors' Report)

Personnel Expenses rose during 2010-11 primarily because of the increase in staff strength, annual increments, and promotions given to members of staff. The provision for annual bonus also increased because of the rise in the Company's profit. Besides this, the Company has amortised Rs. 7.51 crore as "Deferred Employees Compensation", for the ESOPs granted to the eligible Optionees, in accordance with the applicable guidelines of the SEBI and the guidance note of the ICAI.

Personnel expenses as a percentage of total income increased to 35% during 2010-11 from 28% during the previous fiscal.

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

Revenues and Profit per Employee



Particulars	2009-10	2010-11	Growth (%)
Number of employees as at year end	176	216	23%
Revenue per employee (in Rs. crore)	0.73	0.66	-10%
Profit per employee (in Rs. crore)	0.28	0.21	-25%

Administrative Expenses rose during 2010-11 mainly because of the additional office space taken on lease at Kolkata and Hyderabad. Besides this, Repair and Maintenance expenses also increased during the year. There was a reduction of 1% in administrative expenses as a percentage of total income in 2010-11 over the previous fiscal.

Other Expenses rose during 2010-11 following an increase in: travelling expenses (incurred for carrying out assignments); legal charges (towards obtaining legal advisory services); and professional charges (for evaluation of investment opportunity, outsourcing of certain Services from ICRA Online Limited, and hiring of professionals for business development). Other expenses as a percentage of total income increased to 11% during 2010-11 from 8% during the previous fiscal.

(2) Fixed Assets

At the end of fiscal year 2010-11, the fixed assets of the Company were as under:

(in Rs. crore)

Particulars	As on 31/03/2010	As on 31/03/2011	Growth (%)
Gross Block	32.20	33.35	4%
Less: Accumulated Depreciation	(14.52)	(16.46)	13%
Net Block	17.68	16.89	-4%
Depreciation as % of Total Income	2%	1%	-50%
Accumulated Depreciation as % of Gross Block	45%	49%	9%

The Company made net additions of Rs. 1.15 crore to its fixed assets during 2010-11.

Management Discussion and Analysis Report

(Annexure to the Directors' Report)

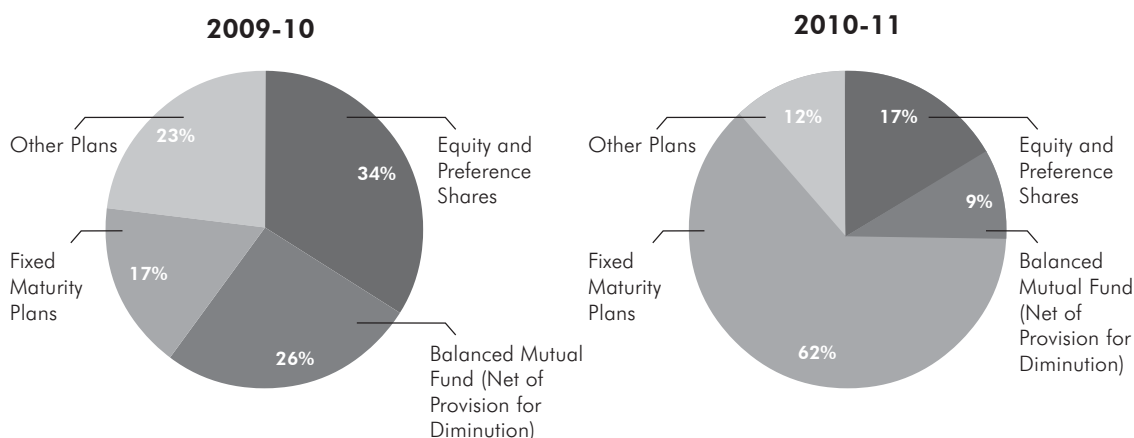
(3) Investments

(in Rs. crore)

Particulars	As on 31/03/2010	% of Total	As on 31/03/2011	% of Total	Growth (%)
Long Term					
In Subsidiaries	37.69	34%	39.99	17%	6%
Total Long Term Investments (A)	37.69	34%	39.99	17%	6%
Current Investments					
In Balanced Mutual Funds	29.72	27%	21.72	9%	-27%
In Fixed Maturity Plans	19.00	17%	142.50	62%	650%
In Debt and Other Plans	26.03	23%	26.43	12%	2%
Gross Total Current Investments (B)	74.75	67%	190.65	83%	155%
Diminution in Carrying Value of Investments (C)	(0.64)	-1%	(0.68)	0%	6%
Net Total Current Investments (D)	74.11	66%	189.97	83%	156%
Total Investments (A+D)	111.80	100%	229.96	100%	106%

The total investments of the Company increased during 2010-11 over the previous year because of the deployment of internal accruals and surplus funds. The current investments have been valued at the lower of cost or fair market value at the end of fiscal year 2010-11 and the diminution in the carrying value of investments amounting to Rs. 0.04 crore has been charged to the Profit and Loss Account.

Investment Profile



Management Discussion and Analysis Report

(Annexure to the Directors' Report)

(4) Current Assets, Loans and Advances

(in Rs. crore)

Particulars	As on 31/03/2010	As on 31/03/2011	Growth (%)
(a) Receivables			
• Total Receivables	18.78	14.26	-24%
• Provision for Doubtful Debts	(1.53)	(1.59)	4%
Net Receivables	17.25	12.67	-27%
Debtors as % of Operating Income	16%	10%	
Debtors as No. of Days` Income	54	41	
(b) Cash and Bank Balances	102.28	24.67	-76%
(c) Other Current Assets	1.80	0.87	-52%
(d) Loans and Advances			
• Loan to ICRA Employees' Welfare Trust	22.32	16.02	-28%
• Loans and Advances to Companies under the Same Management	0.43	0.45	5%
• Income Tax Paid in Advance	22.53	22.29	-1%
• Others	5.27	6.42	22%
Total Loans and Advances	50.55	45.18	-11%
Provision for Doubtful Loans and Advances	(0.51)	(0.73)	43%
Net Loans & Advances	50.04	44.45	-11%

Sundry Debtors decreased during 2010-11 despite growth in the operations of the Company. The debtors as a percentage of operating income decreased from 16% during 2009-10 to 10% during 2010-11 and the debtors expressed as the number of days' income reduced from 54 days to 41 days over the same period. This happened because of better recovery efforts and a change in billing practice.

Cash and Bank Balances as on March 31, 2011 consisted of Rs. 20.65 crore placed in fixed deposits with banks. The bulk of these fixed deposits has been created with the deployment of the surplus funds of the Company from internal accruals.

Loans and Advances declined during 2010-11 primarily because of loan repayment by ICRA Employees Welfare Trust to the extent that some of the Optionees exercised their Stock Options.

(5) Current Liabilities and Provisions

Other Liabilities increased to Rs. 16.80 crore during 2010-11 from Rs. 15.54 crore in the previous fiscal. This is attributable mainly to the increase in the bonus payable to employees and in the amount payable as commission to the Directors of the Company.

Provisions for Income Tax rose from Rs. 21.52 crore in 2009-10 to Rs. 24.43 crore in 2010-11 following increase in the Company's taxable profit.

Management Discussion and Analysis Report

(Annexure to the Directors' Report)

C. Outlook

The long term outlook for the ratings business continues to remain 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 the short term growth of the business. The Company continues to take initiatives to retain its competitive edge and is in a position to meet the challenges posed inevitably by rapidly 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.

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 to 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.



Management Discussion and Analysis Report

(Annexure to the Directors' Report)

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.

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 new 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.

Management Discussion and Analysis Report

(Annexure to the Directors' Report)

(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.

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 to be permanent in nature 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 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.
- An Internal Audit is conducted by a firm of Chartered Accountants to ensure compliance with the provisions of the Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999.



Management Discussion and Analysis Report

(Annexure to the Directors' Report)

(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.

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.

Management Discussion and Analysis Report

(Annexure to the Directors' Report)

(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.

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 have appointed HR Consultants who 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 : Gurgaon
Date : May 11, 2011

(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, 2011 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 2009-10, a Dividend of 170%
For the financial year 2008-09, a Dividend of 70% and a Special Dividend of 50%
For the financial year 2007-08, a Dividend of 50% 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) 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, 2nd 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, 2nd 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.

Frequently Asked Questions

Q Can electronic holdings be converted back into physical certificates?

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

- Make 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 depository participant.
- Registrar dispatches certificates to investor.

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.**

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.

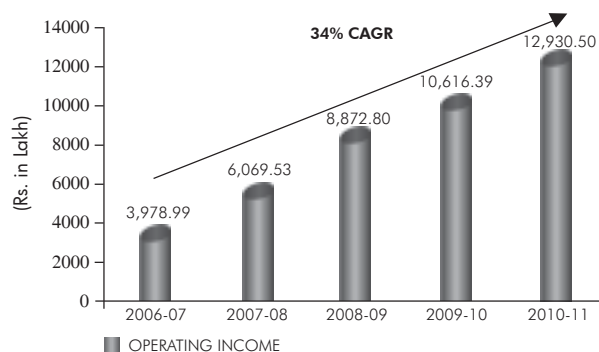
Financial Highlights of ICRA Limited

		(Rs. in lakh)									
	Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
1	Operating Income	2,772.16	3,087.62	3,286.08	3,715.22	3,321.28	3,978.99	6,069.53	8,872.80	10,616.39	12,930.50
2	Non-Operating Income	449.52	567.78	713.67	417.29	539.47	697.94	793.73	1,270.78	2,177.99	1,254.31
3	Total Income	3,221.68	3,655.40	3,999.75	4,132.51	3,860.75	4,676.93	6,863.26	10,143.58	12,794.38	14,184.81
4	PBDIT	1,430.97	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
5	Depreciation	(141.95)	(143.35)	(137.36)	(142.51)	(152.26)	(160.02)	(181.40)	(177.55)	(195.56)	(203.23)
6	Interest	-	-	-	-	-	(4.51)	-	-	-	-
7	Prior Period Adjustments (See Note)	-	-	-	-	-	-	(0.50)	(0.24)	-	-
8	Profit Before Tax	1,289.02	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
9	Tax Provision	(369.84)	(365.73)	(377.17)	(317.26)	(473.96)	(613.13)	(1,119.51)	(1,650.85)	(2,410.87)	(2,389.15)
10	Profit After Tax	919.18	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
11	Prior Period Adjustments (See Note)	76.90	(0.31)	(6.13)	3.71	(36.94)	(0.06)	-	-	-	-
12	Equity Share Capital	880.51	880.51	880.51	880.51	880.51	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
13	Securities Premium	2,687.55	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
14	Net Worth	6,723.36	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
15	Dividend (%)	25%	30%	50%	35%	40%	45%	100%	120%	170%	170%
16	Earnings Per Share(Rs.)	10.44	11.20	12.56	9.20	14.37	18.23	26.66	36.15	50.00	44.91
							(Annualised)				
17	Book Value Per Share (Rs.)	76.36	83.37	90.24	95.50	104.91	142.32	157.30	179.41	209.60	242.34

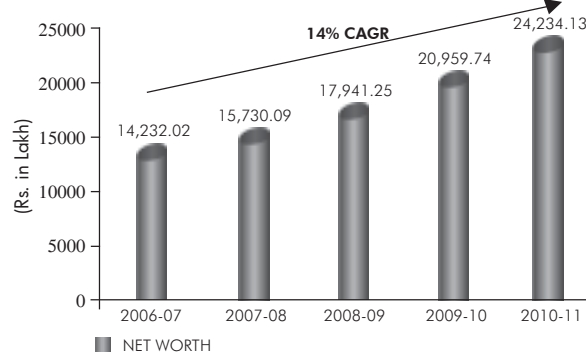
Note: Prior Period Adjustments up to the financial year 2006-07 are reflected below "Profit After Tax", and with effect from the financial year 2007-08 the same are reflected above "Profit After Tax".

ICRA: Selective Data/Ratio Analysis

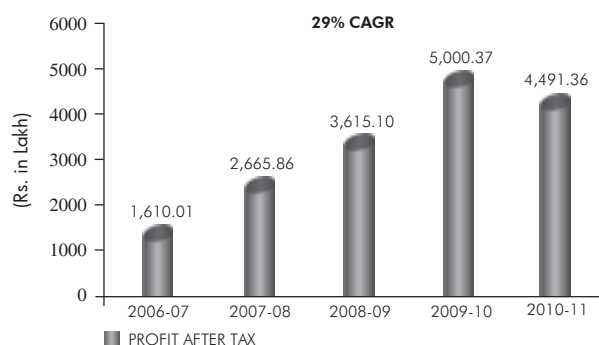
Trend in Operating Income



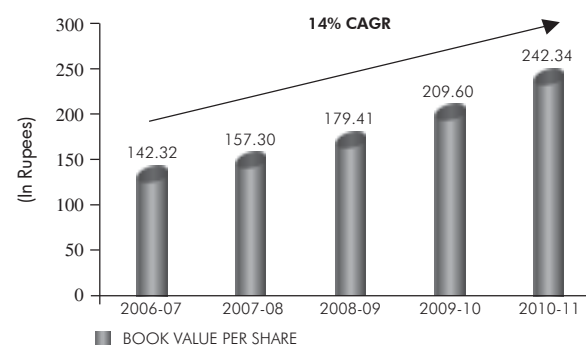
Trend in Net Worth



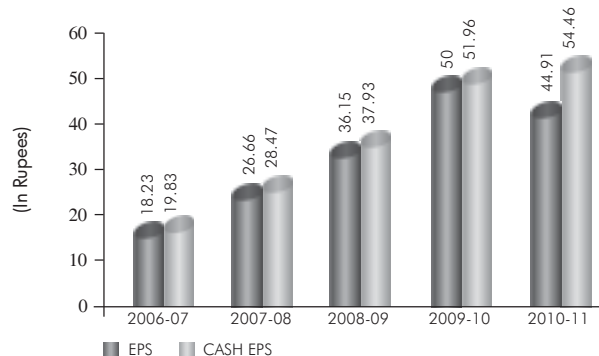
Trend in Profit after Tax



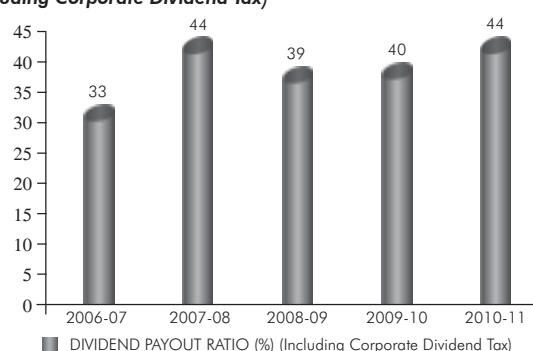
Trend in Book Value per Share



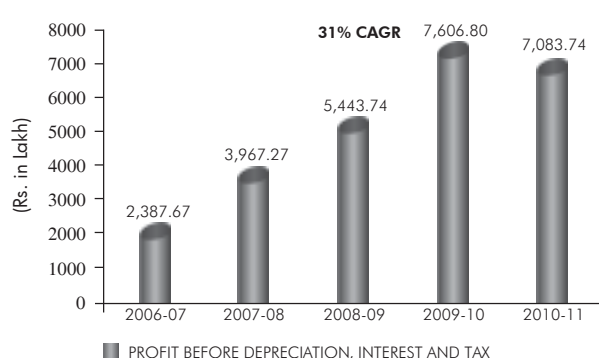
Trend in EPS and Cash EPS



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

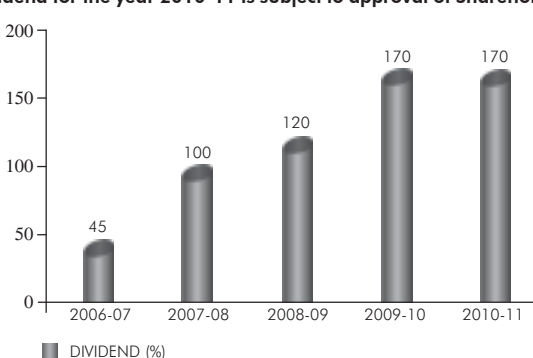


Trend in Profit before Depreciation, Interest and Tax



Trend in Dividend (%)

(Dividend for the year 2010-11 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, 2011 and also the Profit and Loss Account 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 Account 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 Account 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, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 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, 2011; and
 - (ii) In the case of the Profit and Loss Account, 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, 2011

(Vipin Aggarwal)
(Partner)
Membership No. 16544

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, 2011, 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.

Annexure to the Auditors' Report

17. The Company has not raised any funds on short-term basis and clause (xvii) of the said Order is not applicable.
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, 2011

(Vipin Aggarwal)
(Partner)
Membership No. 16544

Balance Sheet

Balance Sheet as at March 31, 2011			
(Rupees in thousand)			
Particulars	Schedule No.	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
SOURCES OF FUNDS			
i) Shareholders' Funds			
(a) Share Capital	(1)	100,000	100,000
(b) Reserves and Surplus	(2)	2,323,413	1,995,974
		2,423,413	2,095,974
		2,423,413	2,095,974
APPLICATION OF FUNDS			
i) Fixed Assets	(3)		
(a) Gross Block		333,504	321,987
(b) Less: Depreciation		164,557	145,206
Net Block		168,947	176,781
ii) Investments	(4)	2,299,571	1,117,949
iii) Deferred Tax Assets (Net)		13,151	5,349
iv) Current Assets, Loans and Advances			
(a) Sundry Debtors	(5)	126,743	172,545
(b) Cash and Bank Balances	(6)	246,660	1,022,840
(c) Other Current Assets	(7)	8,663	17,977
(d) Loans and Advances	(8)	444,496	500,448
		826,562	1,713,810
Less: Current Liabilities and Provisions	(9)		
(a) Liabilities		391,935	463,697
(b) Provisions		492,883	454,218
		884,818	917,915
Net Current Assets		(58,256)	795,895
		2,423,413	2,095,974

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

(14)

The Schedules referred to above form an integral part of the Balance Sheet

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

(VIPIN AGGARWAL)
PARTNER
MEMBERSHIP NO. : 16544

Place : Gurgaon
Dated : May 11, 2011

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

Profit and Loss Account

Profit and Loss Account for the year ended March 31, 2011

(Rupees in thousand)

Particulars	Schedule No.	2010-11 Rs.	2009-10 Rs.
INCOME			
Rating Services Fees		1,292,919	1,061,481
Information Services Fees		131	158
Operating Income		1,293,050	1,061,639
Other Income	(10)	125,431	135,632
Reversal in diminution in carrying value of Investments		0	82,167
Non-Operating Income		125,431	217,799
		1,418,481	1,279,438
EXPENDITURE			
Personnel Expenses	(11)	495,491	354,132
Administrative Expenses	(12)	62,589	60,954
Other Expenses	(13)	151,640	103,672
Diminution due to change in carrying value of Investments		387	0
		710,107	518,758
PROFIT BEFORE DEPRECIATION AND TAX		708,374	760,680
Depreciation		(20,323)	(19,556)
PROFIT BEFORE TAX		688,051	741,124
Provision for Taxes		(238,915)	(241,087)
PROFIT AFTER TAX		449,136	500,037
Balance brought forward		555,893	304,048
PROFIT AVAILABLE FOR APPROPRIATIONS		1,005,029	804,085
APPROPRIATIONS			
Proposed Dividend		170,000	170,000
Corporate Tax on Proposed Dividend		26,827	28,188
Transferred to General Reserve		45,000	50,004
Balance carried to Balance Sheet		763,202	555,893
		1,005,029	804,085
Basic earning per share (Rs.) (face value Rs. 10 per share)		44.91	50.00
Diluted earning per share (Rs.) (face value Rs. 10 per share)		44.91	50.00

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

(14)

The Schedules referred to above form an integral part of the Profit and Loss Account

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. : 16544

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

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

Place : Gurgaon
Dated : May 11, 2011

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

**Schedules annexed to and forming an integral part of
Balance Sheet as at March 31, 2011**

(Rupees in thousand)

Particulars	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
1. SHARE CAPITAL		
AUTHORISED		
15,000,000 (Previous Year 15,000,000)		
Equity Shares of Rs. 10/- each	150,000	150,000
ISSUED, SUBSCRIBED AND 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 (through ESOP Trust) pursuant to an Employees Stock Options Scheme)	100,000	100,000
2. RESERVES AND SURPLUS		
a) Securities Premium Account	651,123	651,123
b) General Reserve		
- Opening Balance	788,958	738,954
- Add: Transferred from Profit and Loss Account	45,000	50,004
	833,958	788,958
c) Employees Stock Options Outstanding		
- Options granted during the year	298,074	0
- Options lapsed during the year	(2,921)	0
Less: Deferred Employees Compensation		
- Options granted during the year	(298,074)	0
- Options lapsed during the year	2,921	
- Amortisation of Deferred Employees Compensation	75,130	0
	75,130	0
d) Surplus as per Profit and Loss Account	763,202	555,893
	2,323,413	1,995,974

3. FIXED ASSETS**(Rupees in thousand)**

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at April 1, 2010 Rs.	Additions Rs.	Deductions/ Adjustments Rs.	As at March 31, 2011 Rs.	Up to March 31, 2010 Rs.	For the year Rs.	Deductions/ Adjustments Rs.	Up to March 31, 2011 Rs.	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
1	Building and Flats	195,603	0	0	195,603	75,039	6,028	0	81,067	114,536	120,564
2	Data Processing Equipment	32,807	2,853	(363)	35,297	25,118	3,631	(248)	28,501	6,796	7,689
3	Intangible Assets - Softwares	16,450	2,034	0	18,484	9,173	3,420	0	12,593	5,891	7,277
4	Furniture & Fixtures	25,013	1,451	0	26,464	14,835	1,945	0	16,780	9,684	10,178
5	Office Equipment	16,921	1,160	(427)	17,654	8,505	1,520	(256)	9,769	7,885	8,416
6	Air Conditioners	4,213	1,186	(874)	4,525	2,476	307	(468)	2,315	2,210	1,737
7	Electrical Fittings	4,113	32	0	4,145	2,079	285	0	2,364	1,781	2,034
8	Vehicles	6,067	1,979	0	8,046	2,517	1,240	0	3,757	4,289	3,550
9	Leasehold Improvements	20,800	2,486	0	23,286	5,464	1,947	0	7,411	15,875	15,336
	Total	321,987	13,181	(1,664)	333,504	145,206	20,323	(972)	164,557	168,947	176,781
	Previous Year	305,550	20,196	(3,759)	321,987	128,762	19,556	(3,112)	145,206	176,781	

4. INVESTMENTS

Long Term Investments (At Cost)

Particulars	Face Value (Rupees)	Quantity As at March 31, 2011 (Numbers)	Quantity As at March 31, 2010 (Numbers)	Amount As at March 31, 2011 (Rs. in thousand)	Amount As at March 31, 2010 (Rs. in thousand)
Unquoted					
1) in Subsidiaries					
i Equity Shares of ICRA Online Limited	10	8,717,558	8,717,558	87,176	87,176
ii 9% Optionally Convertible Cumulative Preference Shares of ICRA Online Limited	10	304,329	304,329	4,901	4,901
iii Equity Shares of ICRA Management Consulting Services Limited	10	15,000,000	15,000,000	150,000	150,000
iv Equity Shares of ICRA Techno Analytics Limited	10	8,500,000	8,500,000	122,388	122,388
v Equity Shares of PT. ICRA Indonesia	IDR 10000	495,000	247,500	25,163	12,387
vi Equity Shares of ICRA Lanka Ltd.	LKR 10	2,500,000	0	10,235	0
Sub-Total (1)				399,863	376,852
Quoted					
1) in Shares					
i Equity Shares of CRISIL Limited	10	300	300	15	15
Sub-Total (1)				15	15
Aggregate Market Value of Quoted Long Term Investments				1,894	1,075
Total (Long Term Investments)				399,878	376,867

Investments Contd...**Current Investments in Mutual Funds (At Cost)**

Particulars	Face Value (Rupees)	Quantity As at March 31, 2011 (Numbers)	Quantity As at March 31, 2010 (Numbers)	Amount As at March 31, 2011 (Rs. in thousand)	Amount As at March 31, 2010 (Rs. in thousand)
In Balanced Mutual Funds					
i ICICI Prudential Balanced Fund -Dividend	10	1,821,418.082	1,821,418.082	26,465	26,465
ii FT India Balanced Fund - Dividend Payout	10	3,149,114.671	3,149,114.671	63,797	63,797
iii HDFC Balanced Fund - Dividend, Option : Payout	10	0.000	1,185,747.317	0	20,000
iv DSP BlackRock Balanced Fund - Dividend Payout	10	2,008,566.089	3,879,036.045	40,000	80,000
v HDFC Prudence Fund - Dividend, Option : Payout	10	1,491,777.728	1,491,777.728	46,900	46,900
vi Birla Sun Life Freedom Fund - Dividend - Payout	10	495,049.505	495,049.505	10,000	10,000
vii Principal Balanced Fund-Dividend Payout Annually	10	0.000	1,555,209.953	0	20,000
viii SBI-Magnum Balanced Fund - Dividend Option - Payout	10	762,485.703	762,485.703	20,000	20,000
ix Tata Balanced Fund - Dividend	10	247,260.967	247,260.967	10,000	10,000
Sub-Total (Balanced Mutual Funds)				217,162	297,162
In Fixed Maturity Plans					
x ICICI Prudential FMP Series 52 - 1 Year Plan A Cumulative	10	5,000,000.000	5,000,000.000	50,000	50,000
xi IDFC Fixed Maturity Plan - Thirteen Months Series 5 - Growth	10	7,000,000.000	7,000,000.000	70,000	70,000
xii Kotak FMP 370 Days - Series 2 - Growth	10	7,000,000.000	7,000,000.000	70,000	70,000
xiii DSP BlackRock FMP-12M-Series 11 - Growth	10	11,000,000.000	0.000	110,000	0
xiv Fidelity FMP - Series 4 - Plan E - Growth	10	10,000,000.000	0.000	100,000	0
xv Kotak FMP Series 28 - Growth	10	8,000,000.000	0.000	80,000	0
xvi ICICI Prudential FMP Series 54-18 Months Plan A Cumulative	10	8,000,000.000	0.000	80,000	0
xvii Reliance Fixed Horizon Fund - XVII Series 1-Growth Plan	10	5,000,000.000	0.000	50,000	0
xviii Reliance Fixed Horizon Fund-XVI Series 3-Growth Plan	10	7,000,000.000	0.000	70,000	0
xix Religare FMP - Series IV-Plan D (13 Months)-Growth Plan	10	7,000,000.000	0.000	70,000	0
xx Axis Fixed Term Plan - Series 13 (370 days) - Growth Plan	10	10,000,000.000	0.000	100,000	0
xxi DSP BlackRock FMP-13M-Series 4 - Growth	10	4,500,000.000	0.000	45,000	0
xxii Fidelity FMP - Series 4 - Plan F - Growth	10	5,000,000.000	0.000	50,000	0
xxiii Principal PNB Fixed Maturity Plan (FMP - 67) - 367 days - Series II - Regular Growth Plan	10	10,000,000.000	0.000	100,000	0
xxiv Reliance Fixed Horizon Fund - XIX - Series 11 - Growth Plan	10	5,000,000.000	0.000	50,000	0
xxv Religare FMP - Series IV-Plan F (368 Days)-Growth	10	8,000,000.000	0.000	80,000	0
xxvi SBI Debt Fund Series - 370 Days - 11 - Growth	10	5,000,000.000	0.000	50,000	0
xxvii Sundaram Fixed Term Plan AV 366 Days Growth	10	10,000,000.000	0.000	100,000	0
xxviii Tata FMP Series 30 Scheme A - Growth	10	10,000,000.000	0.000	100,000	0
Sub-Total (Fixed Maturity Plans)				1,425,000	190,000
- In Other Plans					
xxix HDFC High Interest Fund-Short Term Plan - Dividend, Option : Reinvest	10	1,976,394.051	1,900,425.053	20,951	20,147
xxx IDFC - SSIF - ST -Plan D - Growth	10	2,437,003.461	2,437,003.461	30,000	30,000
xxxi LICMF Savings Plus Fund - Growth Plan	10	4,123,090.753	4,123,090.753	60,000	60,000
xxxii Reliance Short Term Fund-Retail Plan - Growth Plan	10	1,728,080.736	1,728,080.736	30,000	30,000
xxxiii SBI Magnum Income Fund FR Savings Plus Bond Plan-Growth	10	2,826,395.710	2,826,395.710	40,000	40,000
xxxiv Templeton Floating Rate Income Fund Long Term Plan Institutional Option - Dividend Reinvestment	10	6,128,152.464	5,819,167.812	63,381	60,186
xxxv Templeton India Short Term Income Retail Plan - Growth	1,000	10,929.201	10,929.201	20,000	20,000
Sub-Total (Other Plans)				264,332	260,333
Total (Current Investments)				1,906,494	747,495
Diminution due to change in carrying value of Investments				(6,801)	(6,413)
Net (Current Investments)				1,899,693	741,082
Aggregate Market Value of Current Investments				1,959,744	761,691
Grand Total (Long Term + Current Investments)				2,299,571	1,117,949

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

(Rupees in thousand)

Particulars	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
5. SUNDRY DEBTORS (UNSECURED)		
Over six months		
- Considered Good due from companies under the same management	0	0
- Considered Good due from Others	35,234	21,602
- Considered Doubtful	13,348	8,956
	48,582	30,558
Others		
- Considered Good with companies under the same management	1,320	0
- Considered Good with Others	90,189	150,943
- Considered Doubtful	2,526	6,378
	94,035	157,321
Total	142,617	187,879
Less Provision for Doubtful Debts	(15,874)	(15,334)
	126,743	172,545
6. CASH AND BANK BALANCES		
Cash in Hand	210	151
Balance with Scheduled Banks		
- In Current Accounts	40,000	72,911
- In Deposit Accounts	206,450	949,778
	246,660	1,022,840
7. OTHER CURRENT ASSETS		
Interest accrued but not due on Investments and Deposits	8,663	17,977
	8,663	17,977
8. LOANS AND ADVANCES		
Loans to Staff (Secured, Considered Good) (Note 11 of Schedule 14)	8,876	8,828
Loan to ICRA Employees Welfare Trust (Unsecured, Considered Good)	160,242	223,223
Advances Recoverable in cash or in kind or for value to be received		
- Unsecured, Considered Good due from companies under the same management	4,516	4,322
- Unsecured, Considered Good due from others (Note 11 of Schedule 14)	33,186	26,078
- Unsecured, Considered Doubtful	2,657	383
Sundry Deposits		
- Unsecured, Considered Good	14,733	12,706
- Unsecured, Considered Doubtful	4,673	4,673
Income Tax Paid in Advance {Includes Rs. 143,343 thousand (Previous Year Rs. 147,753 thousand) for Tax Deducted at Source}	222,943	225,291
	451,826	505,504
Less: Provision for Doubtful Loans and Advances	(7,330)	(5,056)
	444,496	500,448

(Rupees in thousand)		
Particulars	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
9. CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors (Note 2 of Schedule 14)	6,639	4,974
Advances Received from Clients	93,108	68,298
Due to Subsidiaries	3,926	555
Refund due to Public Offer Applicants	45	45
Unclaimed Dividend	496	356
Unearned Revenue	119,703	234,105
Other Liabilities	168,018	155,364
Sub-Total (A)	391,935	463,697
B. PROVISIONS		
Provision for Income Tax	244,333	215,237
Provision for Wealth Tax	60	39
Proposed Dividend	170,000	170,000
Provision for Corporate Tax on Proposed Dividend	26,827	28,188
Provision for Retirement Benefits	51,663	40,754
Sub-Total (B)	492,883	454,218
Grand Total (A+B)	884,818	917,915

**Schedules annexed to and forming an integral part of
Profit and Loss Account for the year ended March 31, 2011**

(Rupees in thousand)

Particulars	2010-11 Rs.	2009-10 Rs.
10. OTHER INCOMES		
Interest	65,041	80,760
{including Tax Deducted at Source Rs. 7,448 thousand (Previous Year Rs. 15,185 thousand)}		
Dividend on Non Trade Investments	26,943	35,184
Profit on Sale/Redemption of Investments	21,874	7,053
Profit on Sale of Assets	5	1
Technical Services Income	391	391
Rental Income	10,086	9,856
Reversal in diminution in carrying value of Investments	0	82,167
Miscellaneous Incomes	1,091	2,387
	125,431	217,799
11. PERSONNEL EXPENSES		
Salaries and Allowances	381,732	322,744
Contribution to Provident Fund	14,089	11,629
Staff Welfare Expenses	21,103	17,981
Training and Recruitment Expenses	3,437	1,778
Amortisation of Deferred Employees Compensation	75,130	0
	495,491	354,132
12. ADMINISTRATIVE EXPENSES		
Rent	14,631	13,164
Rates and Taxes	1,614	2,336
Repairs and Maintenance - Building	383	10
Repairs and Maintenance - Others	13,204	11,078
Communication Expenses	12,306	13,387
Electricity and Water Expenses	4,934	3,840
Printing and Stationery	12,031	14,081
Insurance Charges	208	293
Books and Periodicals	3,278	2,765
	62,589	60,954
13. OTHER EXPENSES		
Travelling and Conveyance	33,365	28,128
Directors' Sitting Fees	1,040	1,000
Legal and Professional Charges	75,553	39,318
Conference and Meeting Expenses	11,074	7,406
Advertisement Expenses	3,905	3,792
Auditors' Remuneration and Expenses	520	382
Business Development Expenses	1,209	248
Technical Services	2,435	2,519
Bad Debts Written Off (Net of Provisions)	14,847	13,862
Fees and Subscription	1,568	1,371
Loss on Sale of Assets	510	310
Loss on Foreign Exchange Fluctuations	75	17
Remuneration to Non Executive Directors	3,500	3,500
Miscellaneous Expenses	2,039	1,819
	151,640	103,672

14. 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 respects with the accounting standards issued by the Institute of Chartered Accountants of India as per the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention, on the basis of going concern and on an accrual basis 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 Papers, 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 it is declared. Interest income is recognised in the year it is accrued.
- 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 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 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.
- f) **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 in the form of contributions to Provident Fund, Pension Scheme and Leave Encashment and Gratuity. Contribution to Provident Fund 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 year end and by management estimates for interim periods keeping in view the last actuarial valuation.

- h) **Employees Stock Option Scheme (ESOS):-** 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:-**
- Owened assets given under Operating Lease are included in Fixed Assets. Depreciation is recognised as an expense in the Profit and Loss Account and lease income on such assets is recognised in the Profit & Loss Account.
 - 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 the year 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. 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:-** Transactions in foreign currencies are accounted for at the prevailing exchange rates on the date of the transactions. The gains or losses arising out of subsequent fluctuations on the date of Balance Sheet or settlement before that date are charged to the Profit and Loss Account.

B. Notes to Accounts:-

1. Contingent Liabilities not provided for are as under:-

	As at March 31, 2011 (Rs. in thousand)	As at March 31, 2010 (Rs. in thousand)
i) Disputed claims against the Company not acknowledged as debts.	1,292	1,519
ii) Guarantees given by the Bank against Counter Guarantees of the Company	2,171	2,171
iii) Disputed Income Tax Demands	28,679	29,999
iv) Estimated amount of contracts remaining to be executed on capital account and not provided for (advance given Rs. 1,000 thousand)	2,604	0
Total	34,746	33,689

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 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. The Company has the process of identification of suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006 by obtaining confirmation from suppliers. The Company does not owe any dues as on March 31, 2011 (previous year Rs. 124 thousand) to any supplier registered under the Micro, Small and Medium Enterprises Development Act, 2006.
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 Optionees. Accordingly, the ICRA Employees Welfare Trust has granted Stock Options 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. Out of the above, 159,461 options were exercised till March 31, 2010 and 159,005 options were exercised during the year under review.
4. During the year, the Company acquired additional 247,500 Equity shares of PT. ICRA Indonesia (a subsidiary company) at par value of IDR 10,000 each, equivalent to Rs. 12,776 thousand (Previous Year Rs. 12,388 thousand).
5. During the year, the Company acquired 2,500,000 Equity shares of ICRA Lanka Ltd. (wholly owned subsidiary company) at par value of LKR 10 each, equivalent to Rs. 10,235 thousand (Previous Year Nil).

6. **Managerial Remuneration:-**

	2010-11 (Rs. in thousand)	2009-10 (Rs. in thousand)
Whole-time Directors		
<u>Mr. P.K. Choudhury (Vice-Chairman & Group CEO)</u>		
Salary	4,680	4,200
Allowances	6,162	5,234
Perquisites	992	181
Commission	7,185	7,010
Amortisation Deferred Employees Compensation	3,341	0
Contribution to PF	610	504
Total	22,970	17,129
<u>Mr. Naresh Takkar (Managing Director & CEO)</u>		
Salary	3,810	3,450
Allowances	5,674	4,645
Perquisites	799	163
Commission	7,185	7,010
Amortisation Deferred Employees Compensation	3,341	0
Contribution to PF	493	414
Total	21,302	15,682
Non-Whole-time Directors		
Fees	1,040	1,000
Commission	3,500	3,500
Total	4,540	4,500

7. **Computation of net profit in accordance with section 198 read with section 349 of the Companies Act, 1956 for the purpose of Managerial Remuneration:-**

Particulars	2010-11 (Rs. in thousand)	2009-10 (Rs. in thousand)
Profit before tax	688,150	741,134
Add:		
- Remuneration to Whole time Directors **	44,272	32,811
- Remuneration to Non-Whole time Directors	4,540	4,500
- Loss on sale of fixed assets	510	310
- Diminution due to change in carrying value of Investments	387	0
- Provision for doubtful debts (Net)	2,537	11,552
- Depreciation as per Profit and Loss Account	20,323	19,556
	760,719	809,863
Less:		
- Depreciation as per sec. 350 of the Companies Act, 1956	(20,323)	(19,556)
- Profit on sale/disposal of investments (net)	(21,874)	(7,053)
- Profit on sale/disposal of fixed assets	(5)	(1)
- Reversal in diminution in carrying value of investments	0	(82,167)
Net Profit as per sec. 198 of the Companies Act, 1956	718,517	701,086
Maximum permissible remuneration to whole time directors under section 198 of the Companies Act, 1956 @ 10% of the profits computed above	71,852	70,109
Managerial Remuneration to whole time directors restricted to	44,272	32,811
Maximum permissible commission to non-whole time directors under section 198 of the Companies Act, 1956 @ 1% of the profits computed above	7,185	7,011
Commission to non-whole time directors restricted to	3,500	3,500

** does not include contributions made for gratuity and leave encashment since these are made for the Company as a whole but includes amortisation of Deferred Employees Compensation

8. **Remuneration to Auditors:-**

Audit fees	242	210
Tax Audit fees	41	36
Other matters	103	74
Out of pocket expenses	134	62
Total	520	382

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

(i) Technical knowhow	1,809	1,954
(ii) Professional charges	13,630	6,785
(iii) Foreign travel	1,570	2,098
(iv) Others	852	1,216
Total	17,861	12,053

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

(i) Professional fees	274	916
Total	274	916

11. **Loans and Advances:-**

a) Loans to Staff		
Due from Officers	6,109	6,793
Maximum Balance during the year	6,793	7,179
b) Advances Recoverable in cash or in kind or for value to be received		
Due from Officers	586	1,756
Maximum Balance during the year	2,736	2,966

12. Segment Reporting:-

Particulars	2010-11 (Rs. in thousand)	2009-10 (Rs. in thousand)
<u>Segmentwise Revenues and Results</u>		
Segment Revenues		
Rating services	1,292,919	1,061,481
Information services	131	158
Segment total	1,293,050	1,061,639
Segment Results		
Rating services	687,050	620,674
Information services	(3,061)	(6,779)
Total of all segments	683,989	613,895
Non-operating income over expenses	24,385	146,785
Profit before depreciation and tax	708,374	760,680
Depreciation	(20,323)	(19,556)
Profit before tax	688,051	741,124
Provision for taxes	(238,915)	(241,087)
Profit after tax	449,136	500,037

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.

13. Earning Per Share:-

Profit after tax	449,136	500,037
Number of shares outstanding at the end of the year (face value Rs. 10 per share)	10,000,000	10,000,000
Basic earning per share (Rs.) (face value Rs. 10 per share)	44.91	50.00
Diluted earning per share (Rs.) (face value Rs. 10 per share)	44.91	50.00
Cash earning per share (Rs.) (face value Rs. 10 per share)	54.46	51.96
(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)		

14. Provision for taxes has been arrived at as follows:

Current income tax	244,333	215,237
Deferred tax	(7,802)	21,314
Wealth tax	60	39
Taxes for previous years	2,324	4,497
	238,915	241,087

15. The net Deferred Tax Liability/(Asset) has been arrived at as follows:

Particulars	As at March 31, 2011 (Rs. in thousand)	As at March 31, 2010 (Rs. in thousand)
Depreciation	16,504	17,176
Provision for gratuity	(8,236)	(6,699)
Provision for leave encashment	(8,925)	(7,153)
Provision for doubtful debts	(4,761)	(4,704)
Provision for doubtful loans and advances	(2,345)	(1,704)
Diminution due to change in carrying value of investments	(2,259)	(2,180)
Disallowance u/s 43B	(3,129)	(85)
	(13,151)	(5,349)

16. Related Party Disclosure:-

Name	Relationship	Nature of Transaction	2010-11 (Rs. in thousand)	2009-10 (Rs. in thousand)
ICRA Management Consulting Services Limited	Subsidiary	<ul style="list-style-type: none"> - Professional services used - Rent recovered - Directors' sitting fees received (Excluding service tax of Rs. 4 thousand (previous year Rs. 4 thousand)) - Interest received - Loan repaid by ICRA Management Consulting Services Ltd. during the year (Maximum loan amount during the year Nil (previous year Rs. 5,000 thousand)) - Reimbursement of expenses received/receivable - Reimbursement of expenses paid/payable - Amount receivable (including loan) 	1,542 9,781 36 0 0 3,160 1,149 3,087	1,950 9,482 36 40 5,000 5,911 564 3,493
ICRA Techno Analytics Limited	Subsidiary	<ul style="list-style-type: none"> - Professional services used - Directors' sitting fees received (Excluding service tax of Rs. 1 thousand (previous year Rs. 1 thousand)) - Investment made in shares - Reimbursement of expenses received/receivable - Amount receivable - Amount payable 	257 5 0 656 425 0	115 8 15,000 52 0 17
ICRA Online Limited	Subsidiary	<ul style="list-style-type: none"> - Professional services used - Professional services provided - Directors' sitting fees received (Excluding service tax of Rs. 1 thousand (previous year Rs. 2 thousand)) - Technical services fees received - Reimbursement of expenses received/receivable - Reimbursement of expenses paid/payable - Dividend received - Advance received in form of equity shares under technical services agreement - Amount receivable - Amount payable 	27,629 3,080 13 391 2,707 2,251 274 965 1,320 3,926	13,591 0 16 391 3,151 43 274 1,397 0 538
PT. ICRA Indonesia	Subsidiary	<ul style="list-style-type: none"> - Investment made in shares - Deposits/advances given on behalf of PT ICRA Indonesia - Reimbursement of expenses received/receivable - Amount receivable 	12,776 0 160 160	12,387 725 0 829
ICRA Lanka Limited	Subsidiary	<ul style="list-style-type: none"> - Investment made in shares - Reimbursement of expenses received/receivable - Amount receivable 	10,235 540 844	0 0 0
Mr. P.K. Choudhury	Whole-time Director	Managerial Remuneration	22,970	17,129
Mr. Naresh Takkar	Whole-time Director	Managerial Remuneration	21,302	15,682

17. 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) Detail of payments and future commitments are as under:-

	2010-11 (Rs. in thousand)	2009-10 (Rs. in thousand)
Lease payment recognised in Profit and Loss Account	18,094	16,243

Future minimum lease payments:-

	As at March 31, 2011 (Rs. in thousand)	As at March 31, 2010 (Rs. in thousand)
Not later than one year	19,098	16,623
Later than one year but not later than 5 years	81,607	66,406
Later than 5 years	51,014	57,373
	151,719	140,402

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

	2010-11 (Rs. in thousand)	2009-10 (Rs. in thousand)
Sub-lease receipts recognised in Profit and Loss Account	10,044	9,745

Future minimum sub-lease receipts:-

	As at March 31, 2011 (Rs. in thousand)	As at March 31, 2010 (Rs. in thousand)
Not later than one year	14,045	10,044
Later than one year but not later than 5 years	59,297	42,291
Later than 5 years	30,217	31,429
	103,559	83,764

15. Figures are expressed in thousands of rupees.

16. The figures for the previous year have been regrouped/rearranged wherever considered necessary to make them comparable with those of the current year.

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

(VIPIN AGGARWAL)
PARTNER
MEMBERSHIP NO. : 16544

Place : Gurgaon
Dated : May 11, 2011

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

CASH FLOW STATEMENT FOR 2010-11

(Rupees in thousand)

Particulars	2010-11 Increase/(Decrease)	2009-10 Increase/(Decrease)
A. Cash Flow from Operating Activities		
Profit Before Taxation from ordinary activities	688,051	741,124
Adjustments for:		
Depreciation	20,323	19,556
Provision for Retirement Benefits	10,909	9,464
(Profit)/Loss on sale of fixed assets (Net)	505	309
(Profit)/Loss on sale of Investments (Net)	(21,874)	(7,053)
Interest received on Deposits and Securities	(65,041)	(80,720)
Interest received on Loans	0	(40)
Dividend Income	(26,943)	(35,184)
Non-Operating Income (Other than Interest and Dividend)	(11,568)	(12,634)
Income accrued but not due	9,314	9,790
Reversal in diminution in carrying value of Investments	0	(82,167)
Provision for Diminution in Value of Investments	387	0
Amortisation of Deferred Employees Compensation	75,130	0
Operating Profit before Working Capital changes	679,193	562,445
Adjustments for:		
Trade & Other Receivables		
Sundry Debtors	45,802	(2,358)
Loans & Advances	(7,156)	(4,136)
Sundry Deposits	(2,027)	(2,466)
Trade Payables		
Sundry Creditors	1,665	161
Advances	24,810	(33,470)
Other Liabilities	(101,748)	144,845
Paid to Public Offer Applicants	0	(40)
Cash generated from/(used in) operations	640,539	664,981
Taxes Paid (Net)	(215,252)	(241,464)
Net Cash generated from/(used in) Operating Activities (A)	425,287	423,517

Contd...

(Rupees in thousand)

	2010-11 Increase/(Decrease)	2009-10 Increase/(Decrease)
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(13,181)	(20,196)
Sale proceeds from Fixed Assets	187	338
Investments made during the period	(1,238,998)	(450,333)
Investments made in Subsidiaries during the period	(23,011)	(27,387)
Sale proceeds from Investments	101,874	92,993
Loan repaid by ICRA Employees Welfare Trust	62,981	55,261
Loans and Advances to Companies under the same Management (Net)	3,177	4,919
Interest received on Deposits and Securities	65,041	80,720
Interest Received on Loans	0	40
Dividend Income	26,943	35,184
Other Income	11,568	12,634
Net Cash generated from/(used in) Investing Activities (B)	(1,003,419)	(215,827)
C. Cash Flow from Financing Activities:		
Dividend & Dividend Tax paid	(198,188)	(140,394)
Unclaimed Dividend	140	53
Net Cash generated from/(used in) Financing Activities (C)	(198,048)	(140,341)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(776,180)	67,349
Cash and Cash Equivalents (Opening balance)	1,022,840	955,491
Cash and Cash Equivalents (Closing balance)	246,660	1,022,840
Net Increase/(decrease) in Cash and Cash Equivalents	(776,180)	67,349
Cash and Cash Equivalents Comprise	246,660	1,022,840
Cash in Hand	210	151
Balance with Scheduled Banks in Current Accounts	40,000	72,911
Balance with Scheduled Banks in Deposit Accounts	206,450	949,778
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. : 16544	(NARESH TAKKAR) MANAGING DIRECTOR & C.E.O.	(P.K. CHOUDHURY) VICE-CHAIRMAN & GROUP C.E.O.
Place : Gurgaon Dated : May 11, 2011	(VIJAY WADHWA) C.F.O. & CO. SECRETARY	

Statement Pursuant to Part IV of Schedule VI of the Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile

I. REGISTRATION DETAILS Registration No. State Code Balance Sheet Date	42749 55 March 31, 2011
II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSAND) Public Issue Rights Issue Bonus Issue Private Placement	 Nil Nil Nil Nil
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSAND) Total Liabilities Total Assets SOURCES OF FUNDS Paid-up Capital Reserve and Surplus Deferred Tax Liability (Net) Secured Loans Unsecured Loans APPLICATION OF FUNDS Net Fixed Assets Investments Deferred Tax Assets (Net) Net Current Assets Accumulated Losses	 3,308,231 3,308,231 100,000 2,323,413 Nil Nil Nil 168,947 2,299,571 13,151 (58,256) Nil
IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSAND) Turnover Total Expenditure (Including Depreciation) Profit/Loss before Tax Profit/Loss after Tax Annualised Earnings Per Share (in Rs.) Dividend Rate (%)	 1,293,050 730,430 688,051 449,136 44.91 170%
V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS) Item Code No. Product Description Item Code No. Product Description Item Code No. Product Description	 Not Applicable Credit Rating Not Applicable Information Services
<div> <div> For and on behalf of the Board (NARESH TAKKAR) MANAGING DIRECTOR & C.E.O. Place : Gurgaon Dated : May 11, 2011 </div> <div> (P.K. CHOUDHURY) VICE-CHAIRMAN & GROUP C.E.O. (VIJAY WADHWA) C.F.O. & CO. SECRETARY </div> </div>	

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, 2011, and also the Consolidated Profit and Loss Account 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. 4,95,824 thousand as at March 31, 2011 and total revenue of Rs. 6,89,039 thousand 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, 2011 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, 2011;
 - (b) in the case of the Consolidated Profit and Loss Account, 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)

Place : New Delhi
Dated : May 11, 2011

Membership No. 16544

Consolidated Balance Sheet

Consolidated Balance Sheet as at March 31, 2011

(Rupees in thousand)

Particulars	Schedule No.	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
SOURCES OF FUNDS			
i) Shareholders' Funds			
(a) Share Capital	(1)	100,000	100,000
(b) Reserves and Surplus	(2)	2,470,483	2,117,239
		2,570,483	2,217,239
ii) Deferred Tax Liability (Net)		36	1,430
iii) Minority Interest		369	107
Total		2,570,888	2,218,776
APPLICATION OF FUNDS			
i) Fixed Assets	(3)		
(a) Gross Block		520,719	473,497
(b) Less: Depreciation		277,833	231,877
Net Block		242,886	241,620
ii) Goodwill on Consolidation		95,439	95,700
iii) Investments	(4)	1,912,443	746,033
iv) Deferred Tax Assets (Net)		20,858	11,029
v) Current Assets, Loans and Advances			
(a) Sundry Debtors	(5)	323,761	366,114
(b) Cash and Bank Balances	(6)	420,411	1,164,895
(c) Other Current Assets	(7)	23,245	24,203
(d) Loans and Advances	(8)	537,093	598,618
		1,304,510	2,153,830
Less: Current Liabilities and Provisions	(9)		
(a) Liabilities		464,695	537,764
(b) Provisions		540,637	491,672
		1,005,332	1,029,436
Net Current Assets		299,178	1,124,394
vi) Miscellaneous Expenditure	(10)	84	0
(To the extent not written off or adjusted)			
Total		2,570,888	2,218,776
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	(15)		

The Schedules referred to above form an integral part of the Balance Sheet

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

(VIPIN AGGARWAL)
PARTNER
MEMBERSHIP NO. : 16544

Place : Gurgaon
Dated : May 11, 2011

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 Profit and Loss Account

Consolidated Profit and Loss Account for the year ended March 31, 2011

(Rupees in thousand)

Particulars	Schedule No.	2010-11 Rs.	2009-10 Rs.
INCOME			
Rating Services Fees		1,290,506	1,061,481
Consulting Fees		251,057	216,483
Information Services Fees		31,325	40,791
Outsourced Services Fees		127,599	126,275
Professional Services Fees		229,803	178,178
Operating Income		1,930,290	1,623,208
Other Income	(11)	129,228	141,790
Reversal in diminution in carrying value of Investments		191	84,912
Non-Operating Income		129,419	226,702
		2,059,709	1,849,910
EXPENDITURE			
Personnel Expenses	(12)	884,964	684,576
Administrative Expenses	(13)	138,659	124,917
Other Expenses	(14)	250,907	206,353
Provision for Diminution in Value of Investments		387	0
		1,274,917	1,015,846
PROFIT BEFORE DEPRECIATION, INTEREST, PRIOR PERIOD ADJUSTMENTS AND TAX		784,792	834,064
Depreciation		(45,263)	(41,443)
PROFIT BEFORE INTEREST, PRIOR PERIOD ADJUSTMENTS AND TAX		739,529	792,621
Interest Paid		(7)	(48)
PROFIT BEFORE PRIOR PERIOD ADJUSTMENTS AND TAX		739,522	792,573
Prior Period Adjustments (Net)		243	29
PROFIT BEFORE TAX		739,765	792,602
Provision for Taxes		(258,945)	(257,839)
PROFIT AFTER TAX BEFORE MINORITY INTEREST		480,820	534,763
Minority Interest		283	18
NET PROFIT AFTER MINORITY INTEREST		481,103	534,781
Balance brought forward		635,348	349,080
PROFIT AVAILABLE FOR APPROPRIATIONS		1,116,451	883,861
APPROPRIATIONS			
Proposed Dividend		174,524	170,274
Corporate Tax on Proposed Dividend		27,578	28,235
Transferred to General Reserve		45,000	50,004
Balance carried to Balance Sheet		869,349	635,348
		1,116,451	883,861
Basic earning per share (Rs.) (face value Rs. 10 per share)		48.11	53.48
Diluted earning per share (Rs.) (face value Rs. 10 per share)		48.11	53.48

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

(15)

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date attached for VIPIN AGGARWAL & ASSOCIATES

For and on behalf of the Board

Chartered Accountants
Registration No. 014454N)

(VIPIN AGGARWAL)
PARTNER
MEMBERSHIP NO. : 16544

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

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

Place : Gurgaon
Dated : May 11, 2011

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

**Schedules annexed to and forming an integral part of
Consolidated Balance Sheet as at March 31, 2011**

(Rupees in thousand)

Particulars	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
1. SHARE CAPITAL		
AUTHORISED		
15,000,000 (Previous Year 15,000,000) Equity Shares of Rs. 10 each	150,000	150,000
ISSUED, SUBSCRIBED AND 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 (through ESOP Trust) pursuant to an Employees Stock Options Scheme)	100,000	100,000
2. RESERVES AND SURPLUS		
a) Securities Premium Account	651,123	651,123
b) General Reserve		
- Opening Balance	836,789	786,785
- Transferred from Profit and Loss Account	45,000	50,004
	881,789	836,789
c) Employees Stock Options Outstanding		
- Options granted during the year	298,074	
- Options lapsed during the year	(2,921)	
	295,153	0
Less: Deferred Employees Compensation		
- Options granted during the year	(298,074)	
- Options lapsed during the year	2,921	
- Amortisation of Deferred Employees Compensation	75,130	
	(220,023)	0
	75,130	0
d) Surplus as per Profit and Loss Account	869,349	635,348
e) Capital Reserve on Consolidation	102	148
f) Foreign Currency Translation Reserve	(7,010)	(6,169)
	2,470,483	2,117,239

3. FIXED ASSETS*(Rupees in thousand)*

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at April 1, 2010 Rs.	Additions Rs.	Deductions/ Adjustments Rs.	As at March 31, 2011 Rs.	Up to March 31, 2010 Rs.	For the year Rs.	Deductions/ Adjustments Rs.	Up to March 31, 2011 Rs.	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
1	Building and Flats	195,603	0	0	195,603	75,039	6,028	0	81,067	114,536	120,564
2	Data Processing Equipment	91,241	18,403	1,518	111,162	65,748	13,628	1,424	80,800	30,362	25,493
3	Intangible Assets - Softwares	56,180	5,434	0	61,614	37,028	9,661	0	46,689	14,925	19,152
4	Furniture & Fixtures	37,416	2,051	975	40,442	20,818	3,272	968	25,058	15,384	16,598
5	Office Equipment	21,573	3,123	(427)	24,269	10,131	2,196	(256)	12,071	12,198	11,442
6	Air Conditioners	10,264	3,009	(982)	12,291	4,297	984	(555)	4,726	7,565	5,967
7	Electrical Fittings	5,792	149	0	5,941	2,840	418	0	3,258	2,683	2,952
8	Vehicles	9,702	3,972	(1,110)	12,564	4,705	1,892	(888)	5,709	6,855	4,997
9	Time Sharing Sterling Holiday Resort	98	0	0	98	15	1	0	16	82	83
10	Leasehold Improvements	36,881	11,107	0	47,988	9,578	5,434	0	15,012	32,976	27,303
11	IMaCS Risk Scorer	8,747	0	0	8,747	1,678	1,749	0	3,427	5,320	7,069
	Total	473,497	47,248	(26)	520,719	231,877	45,263	693	277,833	242,886	241,620
	Previous Year	437,407	65,530	(29,440)	473,497	196,602	41,443	(6,168)	231,877	241,620	

4. INVESTMENTS					
Particulars	Face Value (Rupees)	Quantity As at March 31, 2011 (Numbers)	Quantity As at March 31, 2010 (Numbers)	Amount As at March 31, 2011 (Rs. in thousand)	Amount As at March 31, 2010 (Rs. in thousand)
Long Term Investments (At cost)					
Unquoted					
1) Others					
a. Shares					
i Kovair Software, Inc.	\$0.50	0	18,000	0	472
Sub-Total (1)				0	472
Quoted					
1) in Shares					
i Equity Shares of CRISIL Limited	10	300	300	15	15
Sub-Total (1)				15	15
Aggregate Market Value of Quoted Long Term Investments				1,894	2,150
Total (Long Term Investments)				15	487

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

Particulars	Face Value (Rupees)	Quantity As at March 31, 2011 (Numbers)	Quantity As at March 31, 2010 (Numbers)	Amount As at March 31, 2011 (Rs. in thousand)	Amount As at March 31, 2010 (Rs. in thousand)
In Balanced Mutual Funds					
i ICICI Prudential Balanced Fund - Dividend	10	1,821,418.082	1,821,418.082	26,465	26,465
ii FT India Balanced Fund - Dividend Payout	10	3,149,114.671	3,149,114.671	63,797	63,797
iii HDFC Balanced Fund - Dividend, Option : Payout	10	0.000	1,185,747.317	0	20,000
iv DSP BlackRock Balanced Fund - Dividend Payout	10	2,008,566.089	3,879,036.045	40,000	80,000
v HDFC Prudence Fund - Dividend, Option : Payout	10	1,491,777.728	1,491,777.728	46,900	46,900
vi Birla Sun Life Freedom Fund - Dividend - Payout	10	495,049.505	495,049.505	10,000	10,000
vii Principal Balanced Fund-Dividend Payout Annually	10	0.000	1,555,209.953	0	20,000
viii SBI-Magnum Balanced Fund - Dividend Option - Payout	10	762,485.703	762,485.703	20,000	20,000
ix Tata Balanced Fund - Dividend	10	247,260.967	247,260.967	10,000	10,000
x HDFC Prudence Fund-Dividend	10	159,632.207	159,632.000	5,000	5,000
Sub-Total (Balanced Mutual Funds)				222,162	302,162
In Fixed Maturity Plans					
i ICICI Prudential FMP Series 52 - 1 Year Plan A Cumulative	10	5,000,000.000	5,000,000.000	50,000	50,000
ii IDFC Fixed Maturity Plan-Thirteen Months Series 5-Growth	10	7,000,000.000	7,000,000.000	70,000	70,000
iii Kotak FMP 370 Days - Series 2 - Growth	10	7,000,000.000	7,000,000.000	70,000	70,000
iv DSP BlackRock FMP-12M-Series 11 - Growth	10	11,000,000.000	0.000	110,000	0
v Fidelity FMP - Series 4 - Plan E - Growth	10	10,000,000.000	0.000	100,000	0
vi Kotak FMP Series 28 - Growth	10	8,000,000.000	0.000	80,000	0
vii ICICI Prudential FMP Series 54-18 Months Plan A Cumulative	10	8,000,000.000	0.000	80,000	0
viii Reliance Fixed Horizon Fund - XVII Series 1-Growth Plan	10	5,000,000.000	0.000	50,000	0
ix Reliance Fixed Horizon Fund-XVI Series 3-Growth Plan	10	7,000,000.000	0.000	70,000	0
x Religare FMP - Series IV-Plan D (13 Months)-Growth Plan	10	7,000,000.000	0.000	70,000	0
xi Axis Fixed Term Plan - Series 13 (370 days) - Growth Plan	10	10,000,000.000	0.000	100,000	0
xii DSP BlackRock FMP-13M-Series 4 - Growth	10	4,500,000.000	0.000	45,000	0
xiii Fidelity FMP - Series 4 - Plan F - Growth	10	5,000,000.000	0.000	50,000	0
xiv Principal PNB Fixed Maturity Plan (FMP - 67) - 367 days - Series II - Regular Growth Plan	10	10,000,000.000	0.000	100,000	0
xv Reliance Fixed Horizon Fund - XIX - Series 11 - Growth Plan	10	5,000,000.000	0.000	50,000	0
xvi Religare FMP - Series IV-Plan F (368 Days)-Growth	10	8,000,000.000	0.000	80,000	0
xvii SBI Debt Fund Series - 370 Days - 11 - Growth	10	5,000,000.000	0.000	50,000	0
xviii Sundaram Fixed Term Plan AV 366 Days Growth	10	10,000,000.000	0.000	100,000	0
xix Tata FMP Series 30 Scheme A - Growth	10	10,000,000.000	0.000	100,000	0
xx REPO Investment				8,080	0
Sub-Total (Fixed Maturity Plans)				1,433,080	190,000
In Debt and Other Plans					
i HDFC High Interest Fund-Short Term Plan - Dividend, Option : Reinvest	10	1,976,394.051	1,900,425.053	20,951	20,147
ii IDFC - SSIF - ST -Plan D - Growth	10	2,437,003.461	2,437,003.461	30,000	30,000
iii LICMF Savings Plus Fund - Growth Plan	10	4,123,090.753	4,123,090.753	60,000	60,000
iv Reliance Short Term Fund-Retail Plan - Growth Plan	10	1,728,080.736	1,728,080.736	30,000	30,000
v SBI Magnum Income Fund FR Savings Plus Bond Plan-Growth	10	2,826,395.710	2,826,395.710	40,000	40,000
vi Templeton Floating Rate Income Fund Long Term Plan Institutional Option - Dividend Reinvestment	10	6,128,152.464	5,819,167.812	63,381	60,186
vii Templeton India Short Term Income Retail Plan - Growth	1,000	10,929.201	10,929.201	20,000	20,000
Sub-Total (Debt and Other Plans)				264,332	260,333
Total (Current Investments)				1,919,574	752,495
Provision for Diminution in Value of Investments				(7,146)	(6,949)
Net (Current Investments)				1,912,428	745,546
Aggregate Market Value of Current Investments				1,964,399	766,155
Grand Total (Long Term + Current Investments)				1,912,443	746,033

(Rupees in thousand)

Particulars	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
5. SUNDRY DEBTORS (UNSECURED)		
Over six months		
- Considered Good	87,273	55,980
- Considered Doubtful	23,949	17,923
	111,222	73,903
Others		
- Considered Good	236,488	310,134
- Considered Doubtful	2,526	6,378
	239,014	316,512
Total	350,236	390,415
Less: Provision for Doubtful Debts	(26,475)	(24,301)
	323,761	366,114
6. CASH AND BANK BALANCES		
Cash in Hand	496	348
Cheques in Hand	1,042	221
Balance with Banks		
In Current Accounts		
- With Scheduled Banks	58,708	102,603
- With Other Banks	9,431	5,540
In Deposit Accounts		
- With Scheduled Banks	350,734	1,056,183
- With Other Banks	0	0
	420,411	1,164,895
7. OTHER CURRENT ASSETS		
Income accrued but not due on Investments and Deposits	9,745	19,954
Unbilled Revenue	13,500	4,249
	23,245	24,203
8. LOANS AND ADVANCES		
Loans to Staff (Secured, Considered Good) (Note 10 of Schedule 15)	12,291	12,869
Loan to ICRA Employees Welfare Trust (Unsecured, Considered Good)	160,242	223,223
Advances Recoverable in cash or in kind or for value to be received		
- Unsecured, Considered Good with other than Subsidiaries/Associate Companies (Note 10 of Schedule 15)	80,291	73,307
- Unsecured, Considered Doubtful	2,879	383
Sundry Deposits		
- Unsecured, Considered Good	27,540	36,374
- Unsecured, Considered Doubtful	5,155	5,359
Income Tax Paid in Advance {(Includes Rs. 169,580 thousand (Previous Year Rs. 168,751 thousand) for Tax Deducted at Source)}	256,729	252,845
	545,127	604,360
Less: Provision for Doubtful Deposits	(8,034)	(5,742)
	537,093	598,618

(Rupees in thousand)		
Particulars	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
9. CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors (Note 2 of Schedule 15)	31,181	36,417
Advances Received from Clients	100,764	72,569
Refund due to Public Offer Applicants	45	45
Unclaimed Dividend	496	356
Unearned Liability	127,156	243,335
Other Liabilities	205,053	185,042
Sub-Total (A)	464,695	537,764
B. PROVISIONS		
Provision for Income Tax	266,688	233,431
Provision for Wealth Tax	60	39
Proposed Dividend	174,524	170,274
Provision for Corporate Tax on Proposed Dividend	27,578	28,235
Provision for Retirement Benefits	71,787	59,693
Sub-Total (B)	540,637	491,672
Grand Total (A+B)	1,005,332	1,029,436
10. MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
A. Preliminary Expenses		
- As per last Balance Sheet	0	0
- Add : Amount Incurred during the year	84	0
- Less : Written off during the year	0	0
Sub-Total	84	0
Grand Total	84	0

Schedules annexed to and forming an integral part of
Consolidated Profit and Loss Account for the year ended March 31, 2011
(Rupees in thousand)

Particulars	2010-11 Rs.	2009-10 Rs.
11. OTHER INCOMES		
Interest	74,646	91,933
{including Tax Deducted at Source Rs. 8,324 thousand (Previous Year Rs. 16,351 thousand)}		
Dividend on Non Trade Investments	27,502	35,743
Profit on Sale of Investments	21,874	7,147
Profit on Sale of Assets	106	1
Foreign Exchange Gain	2,621	731
Rental Income	305	374
Reversal in Diminution in carrying value of Investments Written Back (Net)	191	84,912
Miscellaneous Incomes	2,174	5,861
	129,419	226,702
12. PERSONNEL EXPENSES		
Salaries and Allowances	731,803	614,724
Contribution to Provident Fund	27,997	25,059
Staff Welfare Expenses	43,131	42,077
Training and Recruitment Expenses	6,903	2,716
Amortisation of Deferred Employee Compensation	75,130	0
	884,964	684,576
13. ADMINISTRATIVE EXPENSES		
Rent	48,261	38,764
Rates and Taxes	2,921	4,346
Repairs and Maintenance - Building	383	35
Repairs and Maintenance - Others	23,025	19,012
Communication Expenses	25,060	25,304
Electricity and Water Expenses	16,484	13,358
Printing and Stationery	15,976	17,963
Insurance Charges	3,072	2,978
Books and Periodicals	3,477	3,157
	138,659	124,917
14. OTHER EXPENSES		
Travelling and Conveyance	80,682	69,803
Directors' Sitting Fees	1,256	1,273
Legal and Professional Charges	77,907	48,112
Sub-contracts	20,382	15,421
Conference and Meeting Expenses	13,584	8,843
Advertisement Expenses	4,280	3,967
Auditors' Remuneration and Expenses	1,184	826
Business Development Expenses	1,730	541
Technical Knowhow Fees	2,435	2,519
Bad Debts Written Off	25,186	20,312
Provision for Doubtful Debts (Net)	5,892	11,553
Fees and Subscription	3,369	2,867
Foreign Exchange Loss	2,135	6,150
Loss on Sale of Assets	510	429
Assets Rental Charges	30	78
Remuneration to Non Executive Directors	3,500	3,500
Purchases	356	1,924
Miscellaneous Expenses	6,489	8,235
	250,907	206,353

15. 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 value of like items of assets, liabilities, income and expenses, after duly eliminating intra-group balances and transactions resulting in unrealised profits or losses as laid down in Accounting Standard 21 on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
- 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
Axiom Technologies Limited	100% owned by ICRA Techno Analytics Limited
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.

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.
- Revenue Recognition:-**
 - Income from Rating/Grading Services is recognised when the Ratings/Gradings are assigned by the Rating/Grading Committee of the Company.
 - 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 Papers, 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.
- iv) Revenue from services consists of revenue earned from services performed for software development & consultancy, licensing & sub-licensing fee, 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 as and when delivery of the branded softwares is made and is booked net of trade discount.
- vi) Income from Information services is recognised as follows:-
 - License fees is recognised upfront.
 - Other Charges are spread over the period of contract. Wherever combined invoices are raised 60% of invoice value is taken as License fees. Billed revenue relating to period beyond 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 milestone as per agreement with client. Billed revenue relating to period beyond 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 as per agreement with client".
 - b) In respect of specific assignments "on raising of Invoices of completion on reaching milestones as per agreement with client".
 - c) Unbilled revenue at the end of reporting period is recognised on basis of stage of completion as confirmed by the client.
- ix) The dividend income from Investments in shares/units is recognised in the year in which it is declared. Interest income is recognised in the year it is accrued.
- 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 on fixed assets is provided on the written down value method at the rates and in the manner prescribed in the Schedule XIV of the Companies Act, 1956 except as below:
 - i) Computer Software used for licensing are amortised on the straight line method over the useful life of the respective software subject to a maximum of thirty six months.
 - ii) The Leasehold Improvements are depreciated on the straight line method over the primary period of the lease 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 lease period extendable at the discretion of the Lessee.
 - iii) Depreciation on Time Share Sterling Holiday Resorts has been provided on the basis of the duration of rights.
 - iv) Individual assets costing upto Rs. 5 thousand are depreciated in full in the year of acquisition.
 - v) Depreciation is provided on prorata basis on assets acquired, sold, discarded during the year.
 - vi) In PT. ICRA Indonesia depreciation on fixed assets is calculated on the straight line method to allocate their cost or revalued amount to their residual values over their estimated useful lives as follows :

	<u>Year</u>
Office equipment, furniture & Fixtures	3-8
Leasehold improvement	8
 - vii) IMaCS' Risk Scorer & IMaCS' C-Cube:- Softwares, developed in house and having commercial usage are capitalised as softwares and shown under "Intangible Assets". These are amortised over a period of 5 years.

- 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.
- f) **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 in the form of contributions to Provident Fund, Pension Scheme and Leave Encashment and Gratuity. Contribution to Provident Fund 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. Liability for Gratuity in respect of interim periods is provided on the basis of prudent management estimates, keeping in view the last annual actuarial valuation.
- h) **Employees Stock Option Scheme (ESOS):-** 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 Employee 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 lease are included in Fixed Assets. Depreciation is recognised as an expense in the Profit and Loss Account and lease income on such assets is recognised in the Profit & Loss Account.
 - 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 prevailing exchange rates on the date 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 change is disclosed under Foreign Currency Translation Reserve.

m) **Capital Work in Progress:-**

- i) Capital Work in Progress represents expenditure incurred on development of various softwares used for licensing, which are under development, at the end of the accounting year. On completion of such software, the cost incurred is capitalised as "Intangible Assets".
- ii) Software developed in house and having commercial usage are capitalised as softwares and shown under "Intangible Assets". These are amortised over a period of 5 years.

D. Notes to Accounts:-

	As at March 31, 2011 (Rs. in thousand)	As at March 31, 2010 (Rs. in thousand)
1. Contingent Liabilities and Capital Commitments:-		
a. Contingent Liabilities not provided for are as under:-		
i) Disputed claims against the Company not acknowledged as debts	1,292	1,519
ii) Guarantees given by the Bank against Counter Guarantees of the Company	33,361	15,921
iii) Disputed income tax demands	28,679	29,999
iv) Estimated amount of contracts remaining to be executed on capital account and not provided for (advance given Rs. 1,000 thousand)	2,937	0
Total	66,269	47,439

The Group companies has 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.

- b) **Capital Commitments:-** The estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 252 thousand (Previous Year Rs. 119).

2. The Company has the process of identification of suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006 by obtaining confirmation from suppliers. The Company does not owe any dues as on March 31, 2011 (previous year Rs. 124 thousand) to any supplier registered under the Micro, Small and Medium Enterprises Development Act, 2006.
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 Optionees. Accordingly, the ICRA Employees Welfare Trust has granted Stock Options 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. Out of the above, 159,461 options were exercised till March 31, 2010 and 159,005 options were exercised during the period under review.

4. During the year, Axiom Technologies Limited, a wholly owned subsidiary of ICRA Techno Analytics Limited (ICTEAS) has sold its investment in Kovair Software, Inc. amounting to INR 472 thousand. In terms of Stock Purchase Agreement amongst ICRA Techno Analytics Limited, Axiom Technologies Limited and its erstwhile shareholders, ICTEAS has paid the equivalent amount of such proceed to the erstwhile shareholders of Axiom Technologies Limited.
5. During the financial year ended March 31, 2011, M-Serve Business Solutions Private Limited (M-Serve), a wholly-owned subsidiary of ICRA Online Limited, filed an application under Easy Exit Scheme of the Ministry of Corporate Affairs (MCA), Government of India, seeking to dissolve itself. M-Serve has received an order dated April 21, 2011 of MCA for the dissolution, and its name has been struck off from the Register of Companies.
6. During the year, the Company acquired additional 247,500 Equity shares of PT. ICRA Indonesia (a subsidiary company) at par value of IDR 10,000 each, equivalent to Rs. 12,776 thousand (Previous Year Rs. 12,388 thousand).
7. During the year, the Company acquired 2,500,000 Equity shares of ICRA Lanka Ltd. (wholly owned subsidiary company) at par value of LKR 10 each, equivalent to Rs. 10,235 thousand (Previous Year Nil).
8. Pursuant to a joint venture agreement between ICRA Management Consulting Services Limited (IMaCS) and Virtus Global Partners (VGP), a company incorporated under New York State Laws, an entity IMaCS Virtus Global Partners Inc. (IVGP), was incorporated under the Delaware State Laws having its registered office in New York with equal equity participation by the IMaCS and VGP. On January 31, 2011, IMaCS made an additional investment of \$25000 (Rs. 1,169/- thousand) which has increased the shareholding of the IMaCS to 66.67% and has made IVGP a subsidiary of the IMaCS from the said date of investment.
9. During the financial year 2010-11 a wholly owned subsidiary company in the name of Pragati Development Consulting Services Limited (PDCSL) was incorporated to focus on providing Programme Management Services in the Development Consulting sphere. IMaCS has acquired 50,000 Equity Shares of Rs. 10/- each of the PDCSL in consideration of Rs. 500,000.

10. **Loans and Advances:-**

Particulars	2010-11 (Rs. in thousand)	2009-10 (Rs. in thousand)
a) Loans to Staff		
Due from Officers	6,405	7,537
Maximum Balance during the year	7,808	8,305
b) Advances Recoverable in cash or in kind or for value to be received		
Due from Officers	586	1,756
Maximum Balance during the year	2,736	2,966

11 Segment Reporting:-

Segment-wise Revenues and Results

Particulars	2010-11 (Rs. in thousand)	2009-10 (Rs. in thousand)
Segment Revenues		
a) Rating services	1,290,506	1,061,481
b) Consulting services	251,057	216,483
c) Information services	31,325	40,791
d) Outsourced services	127,599	112,627
e) Professional services including Software Services	229,803	191,826
Segment total	1,930,290	1,623,208
Segment Results		
a) Rating services	687,703	622,925
b) Consulting services	51,457	20,954
c) Information services	(7,260)	5,095
d) Outsourced services	29,678	43,635
e) Professional services including Software Services	11,236	(5,540)
Total of all segments	772,814	687,069
Non-operating income over expenses	11,978	146,995
Profit before depreciation, interest, prior period adjustments and tax	784,792	834,064
Depreciation	(45,263)	(41,443)
Profit before interest, prior period adjustments and tax	739,529	792,621
Interest paid	(7)	(48)
Profit before prior period adjustments and tax	739,522	792,573
Prior period adjustments (Net)	243	29
Profit before tax	739,765	792,602
Provision for tax	(258,945)	(257,839)
Profit after tax	480,820	534,763

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.

12. Earning Per Share:-

Particulars	2010-11 (Rs. in thousand)	2009-10 (Rs. in thousand)
Profit after tax	481,103	534,781
Number of shares outstanding at the end of the period (face value Rs. 10 per share)	10,000,000	10,000,000
Basic earning per share (Rs.) (face value Rs. 10 per share)	48.11	53.48
Diluted earning per share (Rs.) (face value Rs. 10 per share)	48.11	53.48
Cash earning per share (Rs.) (face value Rs. 10 per share)	60.15	57.62
(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.)		

13. Provision for taxes has been arrived at as follows:

Particulars	2010-11 (Rs. in thousand)	2009-10 (Rs. in thousand)
Current income tax	266,702	233,431
Deferred tax	(10,872)	19,817
Wealth tax	60	39
Income tax for previous year	3,055	4,656
Fringe benefit tax for previous year	0	(104)
	258,945	257,839

14. The net Deferred Tax Asset/(Liability) has been arrived at as follows:

Particulars	As at March 31, 2011 (Rs. in thousand)	As at March 31, 2010 (Rs. in thousand)
Depreciation	(20,716)	(21,819)
Provision for gratuity	12,646	10,573
Provision for leave encashment	10,250	9,009
Provision for doubtful debts	8,376	7,670
Provision for doubtful loans and advances	2,345	1,704
Diminution due to change in carrying value of investments	2,376	2,362
Disallowance u/s 43B	3,148	100
Unabsorbed Loss from Foreign Subsidiary / Fiscal Loss	2,397	0
	20,822	9,599

15. **Related Party Disclosure:-**

Name and Relationship	Name of the Company	Nature of Transaction	2010-11 (Rs. in thousand)	2009-10 (Rs. in thousand)
Mr. P.K. Choudhury (Whole-time Director)	ICRA Limited	Managerial Remuneration	22,970	17,129
Mr. Naresh Takkar (Whole-time Director)	ICRA Limited	Managerial Remuneration	21,302	15,682
Mr. R. Raghuttama Rao (Whole-time Director)	ICRA Management Consulting Services Limited	Managerial Remuneration Loan	7,663 0	7,708 13
Mr. Prateep Kumar Guha (Whole-time Director)	ICRA Techno Analytics Limited	Managerial Remuneration	4,335	3,773
Mr. Sukanta Ghatak (Whole-time Director)	Axiom Technologies Limited	Managerial Remuneration	1,887	1,658
Ms. Sushmita Ghatak (Chief Operating Officer)	ICRA Online Limited	Managerial Remuneration Loan	3,895 296	0 0
Mr. Sanjoy Banerjee (Executive Director)	ICRA Online Limited	Managerial Remuneration Loan (Maximum loan amount during the year Rs.130 thousand {(Corresponding Previous Period Rs. 210 thousand)})	2,408 0	2,950 190
Mr. Rajesh Dubey (Executive Director)	ICRA Online Limited	Managerial Remuneration	3,415	3,082

16. 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) Detail of payments and future commitments are as under:-

	2010-11 (Rs. in thousand)	2009-10 (Rs. in thousand)
Lease payment recognised in Profit and Loss Account	50,783	44,925

Future minimum lease payments:-

	March 31, 2011 (Rs. in thousand)	March 31, 2010 (Rs. in thousand)
Not later than one year	38,354	45,479
Later than one year but not later than 5 years	153,756	177,688
Later than 5 years	129,552	133,314
	321,662	356,481

b) Detail of sub-lease receipts are as under:-

	2010-11 (Rs. in thousand)	2009-10 (Rs. in thousand)
Sub-lease receipts recognised in Profit and Loss Account	7,599	5,034

Future minimum sub-lease receipts:-

	March 31, 2011 (Rs. in thousand)	March 31, 2010 (Rs. in thousand)
Not later than one year	4,206	420
Later than one year but not later than 5 years	16,823	769
Later than 5 years	1,612	(5,502)
	22,641	(4,313)

17. Figures are expressed in thousands of rupees.

18. The figures for the previous year have been regrouped/rearranged wherever considered necessary to make them comparable with those of the current year.

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. : 16544

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

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

Place : Gurgaon
Dated : May 11, 2011

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

CASH FLOW STATEMENT

(Rs. in thousand)

Particulars	2010-11 Increase/(Decrease)	2009-10 Increase/(Decrease)
A. Cash Flow from Operating Activities		
Profit Before Taxation & Minority Interest from ordinary activities	739,765	792,602
Adjustments for:		
Depreciation	45,263	41,443
Provision for Retirement Benefits	12,094	12,459
(Profit)/Loss on sale of fixed assets (Net)	404	428
Miscellaneous Expenditure	(84)	0
(Profit)/Loss on sale of Investments (Net)	(21,874)	(7,147)
Interest received on Deposits and Securities	(74,646)	(91,933)
Dividend Income	(27,502)	(35,743)
Non-Operating Income (Other than Interest and Dividend)	(5,100)	(6,966)
Interest Paid on Loans	7	48
Income accrued but not due & Unbilled Revenue	958	6,883
Provision for Diminution in Value of Investments	387	0
Reversal in Diminution in Value of Investments	(191)	(84,912)
Amortisation of Deferred Employees Compensation	75,130	0
Operating Profit before Working Capital changes	744,611	627,162
Adjustments for:		
Trade & Other Receivables		
Sundry Debtors	42,353	(2,479)
Loans & Advances	(6,406)	(31,166)
Sundry Deposits	8,834	(6,686)
Trade Payables		
Sundry Creditors	(5,236)	(27,701)
Advances	28,195	(28,987)
Other Liabilities	(96,168)	144,802
Paid to Public Offer Applicants	0	(40)
Cash generated from/(used in) Operations	716,183	674,905
Taxes Paid (Net)	(240,774)	(257,571)
Net Cash generated from/(used in) Operating Activities (A)	475,409	417,334

Contd...

(Rs. in thousand)

Particulars	2010-11 Increase/(Decrease)	2009-10 Increase/(Decrease)
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(47,248)	(65,530)
Sale proceeds from Fixed Assets	315	23,080
Investments made during the year	(1,247,079)	(450,333)
Sale proceeds from Investments	102,347	95,587
Loan repaid by ICRA Employees Welfare Trust	62,981	55,261
Interest received on Deposits and Securities	74,646	91,933
Dividend Income	27,502	35,743
Other Income	5,100	6,966
Capital Reserve on acquisition of a subsidiary	(46)	0
Goodwill on acquisition of subsidiaries	261	(24,704)
Foreign Currency Translation Reserve	(841)	(6,169)
Net Cash generated from/(used in) Investing Activities (B)	(1,022,062)	(238,166)
C. Cash Flow from Financing Activities:		
Dividend & Dividend Tax paid	(198,509)	(140,715)
Interest Paid on Loans	(7)	(48)
Minority Interest	545	125
Unclaimed Dividend	140	53
Net Cash generated from/(used in) Financing Activities (C)	(197,831)	(140,585)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(744,484)	38,583
Cash and Cash Equivalents (Opening balance)	1,164,895	1,126,312
Cash and Cash Equivalents (Closing balance)	420,411	1,164,895
Net Increase/(Decrease) in Cash and Cash Equivalents	(744,484)	38,583
Cash and Cash Equivalents Comprise	420,411	1,164,895
Cash in Hand	496	348
Cheques in Hand	1,042	221
Balance with the Banks in Current Accounts	68,139	108,143
Balance with the Banks in Deposit Accounts	350,734	1,056,183
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. : 16544	(NARESH TAKKAR) MANAGING DIRECTOR & C.E.O.	(P.K. CHOUDHURY) VICE-CHAIRMAN & GROUP C.E.O.
Place : Gurgaon Dated : May 11, 2011	(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, 2011

(Rupees in thousand)

1.	Name of the Subsidiary Company	ICRA Management Consulting Services Limited	ICRA Techno Analytics Limited	ICRA Online Limited	PT. ICRA Indonesia	ICRA Lanka Limited	IMaCS Virtus Global Partners, Inc. (IVGP)	Pragati Development Consulting Services Limited	ICRA Sapphire Inc.	Axiom Technologies Limited
2.	Financial year of the Subsidiary ended on	March 31, 2011	March 31, 2011	March 31, 2011	December 31, 2010	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011
3.	Holding Company's share in Equity Share Capital	100%	100%	100%	99%	100%	66.67% holding by ICRA Management Consulting Services Limited	100% holding by ICRA Management Consulting Services Limited	100% holding by ICRA Techno Analytics Limited	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	25,063	27,764	1,747	(12,486)	(1,179)	(772)	-	(2,986)	150
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	5,646	21,255	16,203	(278)	-	-	-	(7,216)	1,139
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

ICRA Lanka Limited incorporated on December 13, 2010.

IMaCS Virtus Global Partners, Inc. (IVGP) becomes subsidiary of ICRA Management Consulting Services Limited on January 31, 2011.

Pragati Development Consulting Services Limited has not yet started any commercial activity and has not prepared any Profit & Loss A/c for the period ended March 31, 2011. All expenses are treated as Pre-operative expenses.

Statement containing brief financial details of Subsidiary Companies as on March 31, 2011

(Rupees in thousand)

1.	Name of the Subsidiary Company	ICRA Management Consulting Services Limited	ICRA Techno Analytics Limited	ICRA Online Limited	PT. ICRA Indonesia	ICRA Lanka Limited	IMoCS Virtus Global Partners, Inc. (IVGP)	Pragati Development Consulting Services Limited	ICRA Sapphire Inc.	Axiom Technologies Limited
2.	Country	India	India	India	Indonesia	Sri Lanka	USA	India	USA	India
3.	Reporting Currency	INR	INR	INR	IDR	LKR	USD	INR	USD	INR
4.	Exchange Rate	1	1	1	192.04	2.4752	43.79	1	44.41	1
5.	Share Capital	15,000,000 equity shares of Rs. 10/- each fully paid up	85,00,000 equity shares of Rs. 10/- each fully paid up	87,17,558 equity shares of Rs. 10/- each fully paid up	5,00,000 equity shares of IDR 10,000 each fully paid up	25,00,000 equity shares of LKR 10/- each fully paid up	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	2,50,000 equity shares of Rs. 10/- each fully paid up
6.	Reserves & Surplus	63,933	81,533	35,592	(20,211)	(1,194)	(1,655)	0	(6,753)	2,376
7.	Total Assets	265,623	204,965	161,572	7,334	9,920	2,948	584	108,779	7,099
8.	Total Liabilities	265,623	204,965	161,572	7,334	9,920	2,948	584	108,779	7,099
9.	Investments other than Investment in Subsidiary	4,655	0	0	0	8,080	0	0	0	0
10.	Turnover	250,424	158,401	193,583	667	0	4,793	0	88,229	8,190
11.	Profit/(Loss) Before Taxation	38,871	34,529	3,165	(20,347)	(1,165)	(772)	0	(2,986)	221
12.	Provision for Taxation	(13,808)	(6,765)	(1,418)	2,046	(14)	0	0	0	71
13.	Profit After Taxation after Minority Interest	25,063	27,764	1,747	(18,301)	(1,179)	(772)	0	(2,986)	150
14.	Proposed Dividend	0	4,250	274	0	0	0	0	0	0

1. 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 March 31, 2011.

2. IDR denotes Indonesian Rupiah, LKR denotes Sri Lankan Rupee and USD denotes United States Dollar.

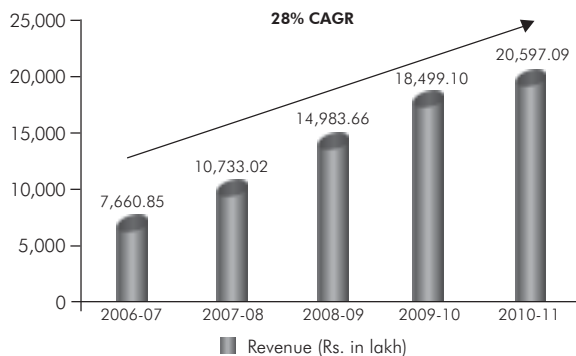
3. Pragati Development Consulting Services Limited has not yet started any commercial activity and has not prepared any Profit & Loss A/c for the period ended March 31, 2011. All expenses are treated as Pre-operative expenses.

4. The financial year of PT. ICRA Indonesia ends on December 31. However, the results given are as of March 31, 2011.

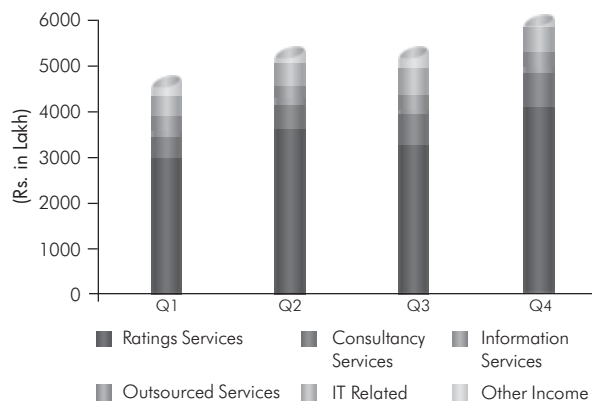
5. ICRA Online Limited declared dividend on 9% Optionally Convertible Cumulative Preference Shares.

Group ICRA: Selective Data/Ratio Analysis

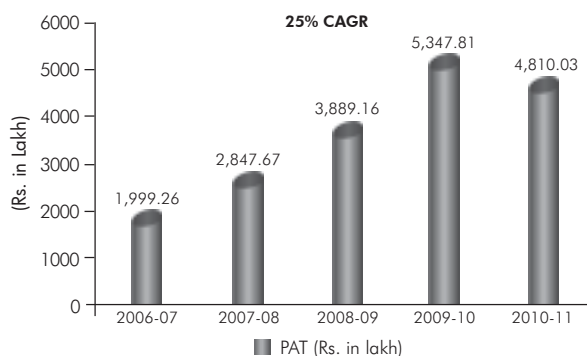
Trend in Operating Income



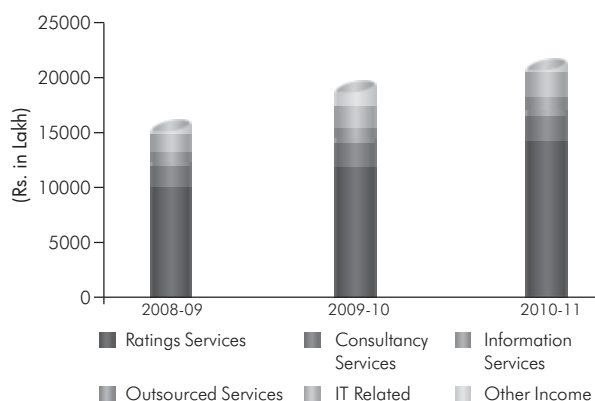
Total Income 2010-11



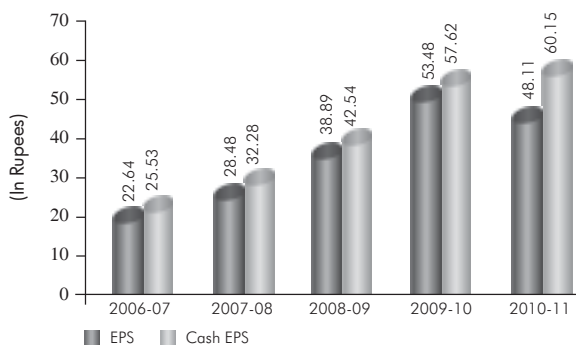
Trend in Profit after Tax



Year-on-Year Total Income



Trend in EPS and Cash EPS



NOTICE

Notice is hereby given that the **Twentieth** Annual General Meeting of the Members of **ICRA Limited** will be held on Friday, the 12th day of August, 2011, 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, 2011 and the Profit and Loss Account for the year ended as on that date, together with the Schedules, the Directors' Report and the Auditors' Report thereon.
2. To declare Dividend on the Equity Shares for the year ended on March 31, 2011.
3. To appoint a Director in place of Prof. Deepak Nayyar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Piyush Gunwantrao Mankad, 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 reappoint Mr. Pranab Kumar Choudhury a Whole-time Director designated as Vice-Chairman & Group CEO, and to consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 269 of the Companies Act, 1956, Mr. Pranab Kumar Choudhury be and is hereby reappointed Vice-Chairman & Group CEO of the Company for the period from February 1, 2012 to January 31, 2014 in accordance with the provisions of Sections 198, 269, 309, and 310 and Section I of Part-II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed hereto and which forms a part of this Notice.

RESOLVED FURTHER THAT the necessary Agreement, recording the terms as set out in the Explanatory Statement annexed hereto and which forms a part of this Notice, be executed between the Company and Mr. Pranab Kumar Choudhury.

RESOLVED FURTHER THAT any one of the Directors or the Company Secretary of the Company be and is hereby authorised to do all the necessary acts, deeds, matters, formalities and such other things as may be considered necessary, expedient, usual, incidental or proper to give effect to the above resolution."

7. To reappoint Mr. Naresh Takkar a Whole-time Director designated as Managing Director & CEO, and to consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 269 of the Companies Act, 1956, Mr. Naresh Takkar be and is hereby reappointed Managing Director & CEO of the Company for the period from July 1, 2011 to June 30, 2016 in accordance with the provisions of Sections 198, 269, 309, and 310 and Section I of Part-II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed hereto and which forms a part of this Notice.

RESOLVED FURTHER THAT the necessary Agreement, recording the terms as set out in the Explanatory Statement annexed hereto and which forms a part of this Notice, be executed between the Company and Mr. Naresh Takkar.

RESOLVED FURTHER THAT any one of the Directors or the Company Secretary of the Company be and is hereby authorised to do all the necessary acts, deeds, matters, formalities and such other things as may be considered necessary, expedient, usual, incidental or proper to give effect to the above resolution.”

8. To modify the ICRA Limited Employees Stock Option Scheme, 2006, and in this regard to consider, 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 the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (‘the Guidelines’) and any other applicable law for the time being in force and as may be amended from time to time, consent and approval of the Shareholders be and is hereby granted for replacement of Clause No. 7.7 in the ICRA Limited Employees Stock Option Scheme, 2006 (hereinafter referred to as the ‘ESOS Scheme’) read as under:

Maximum Quantum of Options per Employee

No single Employee shall be granted Options to purchase more than 75,000 Shares.

RESOLVED FURTHER THAT any one of the Directors or the Company Secretary of the Company be and is hereby authorised to do all the necessary acts, deeds, matters, formalities and such other things as may be considered necessary, expedient, usual, incidental or proper to give effect to the above resolution.”

By Order of the Board of Directors
For ICRA Limited

(Vijay Wadhwa)
CFO & Company Secretary

Place: Gurgaon
Date: May 11, 2011

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

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of herself/himself 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 the Special Business under Item Nos. 6, 7 and 8 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 Circular of April 21, 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, requests its Members to send their email ids to their respective Depository Participants (in case they hold shares in electronic form), or to the Company's Registrar and Share Transfer Agent (in case they hold shares in the physical form) if not done so already. 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.
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 leveraging on Core Banking System (CBS); these banks/bank branches provide bank account numbers with ten 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.
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.

Notes:

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 shareholders 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 folio number; in case the shares are held in the dematerialised form, they must quote their Client ID Number and their DP ID Number.
12. The Register of Members and Share Transfer Books of the Company shall remain closed from August 9, 2011 to August 11, 2011 (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 August 8, 2011 and to all those Members whose names appear on that date 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 the Financial Year 2006-07, 2007-08, 2008-09 and 2009-10 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 and 2009-10 as on March 31, 2011 are as under:

Dividend for the year	Unclaimed/unpaid dividend as on March 31, 2011 (Amounts in Rs.)	Due date of transfer to Investor Education and Protection Fund
2006-07	89,379	July 27, 2014
2007-08	1,54,060	July 29, 2015
2008-09	92,712	August 4, 2016
2009-10	1,59,375	August 12, 2017

15. Information required under Clause 49 of the Listing Agreement about the Directors seeking reappointment is annexed hereto and forms a part of this Notice. The same information is also presented in the Corporate Governance Report.

Explanatory Statement

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

Item No. 6

Mr. P.K. Choudhury has been associated with the Company since its incorporation on January 16, 1991. Coming in on deputation from Industrial Finance Corporation of India Limited in 1991 as the Chief Executive Officer, Mr. Choudhury was appointed Managing Director (MD) of the Company with effect from July 1, 1993 for five years, and then reappointed MD consecutively for two five-year terms ending June 30, 2008. However, even before the completion of the term last mentioned, the Board of Directors of the Company elevated Mr. Choudhury to the position of Vice-Chairman of ICRA Limited and Group CEO of Group ICRA for three years with effect from July 1, 2006, and subsequently reappointed him to that position for a further two years and seven months with effect from July 1, 2009. Accordingly, the present term of Mr. Choudhury expires on January 31, 2012.

The Company has grown consistently under the stewardship of Mr. Choudhury, acquiring the status of a holding company with diversified business interests and several subsidiaries within its fold. Today, the Company—ICRA Limited (ICRA)—along with its subsidiaries and their subsidiaries together form the ICRA group of companies, that is, Group ICRA.

Group ICRA's growth, under Mr. Choudhury's stewardship, has been both impressive and consistent year after year even in the face of heavy odds. Significantly, Group ICRA, by diversifying its revenue base, has brought down its dependence on a single range of services. ICRA has entered the international market, widening its geographical reach. Further, in an effort to take ICRA to some Asian countries, the Company has started operations in Indonesia. Group ICRA is also seeking to widen its products portfolio via inorganic growth in the IT and KPO areas.

While ICRA and its subsidiaries have their respective Chief Executive Officers who are managing their areas of operation efficiently, there is, at this juncture, a strong need for continuity in several critical Group-level activities, such as overseeing the performance of Group companies, coordinating intra-Group activities, taking up the responsibility of consolidating and restructuring operations, taking initiatives to enhance the visibility of the ICRA brand, and harmonising HR policies across the Group. These functions call for a role that Mr. Choudhury, considering his past performance and track record, is eminently suited to perform. Given this consideration, the present Vice-Chairman of ICRA and the Chief Executive Officer of Group ICRA needs to be reappointed.

The Board of Directors at its meeting on May 11, 2011 has approved, on the basis of the recommendation made by the Remuneration Committee, the proposal for: (a) reappointment of Mr. P.K. Choudhury as the Vice-Chairman of the Company and the Chief Executive Officer of Group ICRA with effect from February 1, 2012 for a period of two years ending January 31, 2014; and (b) revision in his remuneration, both in accordance with the revised terms and conditions mentioned below and subject to the approval of the shareholders:

Explanatory Statement

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

1.	Salary (per month)	Starting salary of Rs. 4,40,000 per month in the pay scale of Rs. 4,40,000–40,000–5,20,000.
2.	Commission	Commission as approved by the Board on yearly basis, subject to a maximum of 1% of the net profits of the Company, computed in the manner referred to in Section 198 of the Companies Act, 1956.
3.	Allowances and Perquisites	
	(i) Allowances	Such other Allowances as applicable to the members of staff under the Staff Rules of the Company, including City Compensatory Allowance and Deferred Incentive, subject to the terms and conditions as approved by the Remuneration Committee of the Company from time to time;
	(ii) Housing	Furnished accommodation or House Rent Allowance not exceeding 60% of salary;
	(iii) Medical	Reimbursement of all medical and hospitalisation expenses for self and family as per the Staff Rules of the Company;
	(iv) Leave Travel Benefit	Leave Travel Benefit as per the Staff Rules of the Company;
	(v) Medclaim and Accidental Insurance	Premium in respect of medclaim and accidental insurance policies as per the Staff Rules of the Company;
	(vi) Provident Fund and Superannuation Fund	Contribution to provident and superannuation funds as per the Staff Rules of the Company;
	(vii) Leaves, Gratuity and Leaves Encashment	As per the Staff Rules of the Company;
	(viii) Provision of Car	Provision of car with driver (subject to recovery of an amount from salary as per the provisions of Income Tax Act, 1961, for personal use of the car) or Conveyance Allowance not exceeding Rs. 50,000 p.m. or official vehicle with Allowances as per the Vehicle Scheme of the Company;
	(ix) Provision of Communication Facilities at Residence	Telephone at residence for use on company business; Other media, internet connection and such other communication facilities at residence for use on company business;
	(x) Club Fees	Annual fees for up to three clubs, excluding admission and life membership fees.
4.	Minimum Remuneration	Where in any financial year, during the currency of the tenure, the Company has no profits or its profits are inadequate, the remuneration by way of salary and perquisites shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956, or any subsequent modification thereof.
5.	Revision in Remuneration	The aforesaid remuneration, including salary, allowances, commission, and perquisites, may be increased by the Board of Directors as may be considered appropriate from time to time as well as in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII of the Companies Act, 1956, within such prescribed limits.
6.	Termination of Appointment	The appointment shall be terminable by three months' notice or by payment of three months' salary in lieu of notice by either party.
7.	Retirement by Rotation and Sitting Fees	The appointment shall not be subject to retirement by rotation during the tenure. No sitting fees shall be paid for attending meetings of the Board of Directors or any Committee thereof.

Explanatory Statement

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

The remuneration payable to Mr. P.K. Choudhury is in conformity with the provisions of the Companies Act, 1956, including Schedule XIII, and is within the permissible limits under the provisions of the Companies Act, 1956.

The above may be treated as an abstract of the terms of reappointment of Mr. P.K. Choudhury under Section 302 of the Companies Act, 1956.

Mr. P.K. Choudhury holds 20,339 equity shares in the Company and also holds Options granted to him under the Company's Employees Stock Option Scheme. None of the Directors of the Company except Mr. P.K. Choudhury is in any way concerned or interested in this Resolution.

The Board of Directors of your Company is of the opinion that reappointment of Mr. P.K. Choudhury would be beneficial to the Company and hence recommends the Resolution at Item No. 6 for your approval.

Item No. 7

Mr. Naresh Takkar has been associated with the Company since 1991. He was appointed Managing Director of the Company with effect from July 1, 2006 for five years with the approval of Shareholders.

Mr. Takkar has, over the years, taken several initiatives towards enhancing ICRA's competitive position in the market place and demonstrated outstanding capabilities in developing the skills and competence of the Company's Rating analysts, besides turning them into a cohesive and dedicated force. Mr. Takkar has made significant contributions to upholding the Company's consistently fair Rating standards even in the face of severe competitive pressures. His frequent interactions with investors, regulators and academic bodies have contributed significantly to promoting the ICRA brand. Mr. Takkar has also designed Rating methodologies for PT. ICRA Indonesia. He is at present the Vice-Chairman of the Manila-based Association of Credit Rating Agencies in Asia.

At present, ICRA is faced with several challenges, some of which cut across the entire Credit Rating industry. These include severe competitive pressures on Rating standards, a changing regulatory environment, training and retention of large analytical resources, the demands of geographical diversification, and the imperative of having to maintain high employee motivation levels irrespective of extraneous factors. To Mr. Takkar's credit, he has been handling all these issues very efficiently. His maturity of judgement, ability to perform under stress, and excellent leadership skills make him a very valuable asset for the Company.

It would be in the interest of the Company to continue availing itself of the experience and services of Mr. Naresh Takkar.

The Directors of the Company at their meeting on May 11, 2011, have approved, on the basis of the recommendation made by the Remuneration Committee, the proposal for: (a) reappointment of Mr. Naresh Takkar as the Managing Director & CEO of ICRA Limited with effect from July 1, 2011 for a period of five years, i.e. up to June 30, 2016; and (b) revision in his remuneration, both in accordance with the revised terms and conditions mentioned below and subject to the approval of the Shareholders:

Explanatory Statement

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

1.	Salary (per month)	Starting salary of Rs. 3,80,000 per month in the pay scale of Rs. 3,40,000-40,000-5,80,000.
2.	Commission	Commission as approved by the Board on yearly basis, subject to a maximum of 1% of the net profits of the Company, computed in the manner referred to in Section 198 of the Companies Act, 1956.
3.	Allowances and Perquisites	
	(i) Allowances	Such other Allowances as applicable to the members of staff under the Staff Rules of the Company, including City Compensatory Allowance and Deferred Incentive, subject to the terms and conditions as approved by the Remuneration Committee of the Company from time to time;
	(ii) Housing	Furnished accommodation or House Rent Allowance not exceeding 60% of salary;
	(iii) Medical	Reimbursement of all medical and hospitalisation expenses for self and family as per the Staff Rules of the Company;
	(iv) Leave Travel Benefit	Leave Travel Benefit as per the Staff Rules of the Company;
	(v) Medclaim and Accidental Insurance	Premium in respect of medclaim and accidental insurance policies as per the Staff Rules of the Company;
	(vi) Provident Fund and Superannuation Fund	Contribution to provident and superannuation funds as per the Staff Rules of the Company;
	(vii) Leaves, Gratuity and Leaves Encashment	As per the Staff Rules of the Company;
	(viii) Provision of Car	Provision of car with driver (subject to recovery of an amount from salary as per the provisions of Income Tax Act, 1961 for personal use of the car) or Conveyance Allowance not exceeding Rs. 50,000 p.m. or official vehicle with Allowances as per the Vehicle Scheme of the Company;
	(ix) Provision of communication facilities at residence	Telephone at residence for use on company business; Other media, internet connection and such other communication facilities at residence for use on company business;
	(x) Club Fees	Annual fees for up to three clubs, excluding admission and life membership fees.
4.	Minimum Remuneration	Where in any financial year, during the currency of the tenure, the Company has no profits or its profits are inadequate, the remuneration by way of salary and perquisites shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any subsequent modification thereof.
5.	Revision in Remuneration	The aforesaid remuneration, including salary, allowances, commission, and perquisites, may be increased by the Board of Directors as may be considered appropriate from time to time as well as in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII of the Companies Act, 1956, within such prescribed limits.
6.	Termination of Appointment	The appointment shall be terminable by three months' notice or by payment of three months' salary in lieu of notice by either party.
7.	Retirement by Rotation and Sitting Fees	The appointment shall not be subject to retirement by rotation during the tenure. No sitting fees shall be paid for attending meetings of the Board of Directors or any Committee thereof.

Explanatory Statement

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

The remuneration payable to Mr. Naresh Takkar is in conformity with the provisions of the Companies Act, 1956, including Schedule XIII, and is within the permissible limits under the provisions of the Companies Act, 1956.

The above may be treated as an abstract of the terms of reappointment of Mr. Naresh Takkar under Section 302 of the Companies Act, 1956.

Mr. Naresh Takkar does not hold any shares in the Company but holds Options granted to him under the Company's Employees Stock Option Scheme. None of the Directors of the Company except Mr. Naresh Takkar is in any way concerned or interested in this Resolution.

The Board of Directors of your Company is of the opinion that reappointment of Mr. Naresh Takkar would be beneficial to the Company and hence recommends the Resolution at Item No. 7 for your approval.

Item No. 8

The Shareholders at the Fifteenth Annual General Meeting held on June 12, 2006 authorised the ESOS Compensation Committee to prepare and finalise the ICRA Limited Employees Stock Option Scheme, 2006 (ESOS). Further, the Shareholders approved allotment of 9,06,000 Equity Shares on a preferential allotment basis to the ICRA Employees Welfare Trust established for the purpose of administering the ESOS of the Company at the issue price of the initial public offer. The Company got the ESOS, formulated prior to the initial public offer of the equity shares of the Company through offer for sale, ratified by the Shareholders of the Company at the Seventeenth Annual General Meeting held on July 29, 2008.

The following are the salient features of the ESOS:

1. The total number of Options is 9,06,000 (or such other adjusted figure in case of any corporate actions such as bonus, stock split, rights issue, merger and sale of division). Out of the 9,06,000 Options, 6,15,763 Options were granted on March 24, 2007 to the eligible employees of the Company and its Subsidiary companies, while 2,72,500 Options were granted on November 9, 2010 to the eligible employees of the Company.
2. Such permanent employees (including Whole-time Directors) of the Company and its Subsidiaries as may be decided by the ESOS Compensation Committee, from time to time, shall be entitled to participate in the ESOS.
3. The minimum and maximum vesting periods shall be one and three year(s) respectively, from the date of grant of the Options.
4. The exercise price or pricing formula for the Options is Rs. 330 per equity share (i.e. the price at which equity shares were allotted pursuant to the initial public offer) of the Company.
5. The exercise period for the Options shall be over a period of time ending not later than five years from the date of vesting and the Options granted shall be exercisable in whole or in such instalments, according to the terms of the ESOS at such times and under such conditions, as determined by the ESOS Compensation Committee.

Explanatory Statement

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

6. The appraisal process for determining the eligibility of the employees (including Whole-time Directors) for ESOS shall be based on, *inter alia*, the following criteria:
 - (a) Performance of the employee in contributing to business results, organisational strength and market position of the Company;
 - (b) Employee's potential and criticality to the role(s) assigned;
 - (c) Employee's level in the Company/Subsidiary;
 - (d) Any other criteria that may be determined by the ESOS Compensation Committee from time to time.
7. The maximum number of Options that may be granted to an employee (including Whole-time Director) shall be 75,000 as proposed above.
8. The Company is and shall be conforming to the accounting policies prescribed under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI Guidelines").

The Board of Directors of the Company has proposed the modification in Clause No. 7.7 of the ESOS to continue meeting the objectives of ESOS, viz. to attract, retain and motivate employees, thus contributing to the growth and profitability of the Company.

The ESOS Compensation Committee of the Directors of the Company approved in its meeting held on November 9, 2010 the grant of 12,000 Options each to Mr. P.K. Choudhury and Mr. Naresh Takkar. Consequent to this, the total number of Options granted to a single employee exceeds the limit of 50,000 specified in Clause 7.7 of the ESOS. It is, therefore, proposed that the limit of 50,000 grants for a single employee be increased to 75,000 grants.

The Board considers the said modification to be in the interest of the employees.

None of the Directors of the Company, except Mr. P.K. Choudhury and Mr. Naresh Takkar to the extent of the Options granted/to be granted to them, are in any way concerned or interested in this resolution.

The approval of Shareholders is sought by way of this Special Resolution to modify the said Clause of the ESOS in compliance with the SEBI Guidelines, 1999.

By Order of the Board of Directors
For ICRA Limited

(Vijay Wadhwa)
CFO & Company Secretary

Place: Gurgaon
Date: May 11, 2011

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

Details of the Directors seeking reappointment at the Twentieth Annual General Meeting pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges

Name of Director	Prof. Deepak Nayyar	Mr. Piyush Gunwantrao Mankad	Mr. Pranab Kumar Choudhury	Mr. Naresh Takkar
Date of Birth	September 26, 1946	November 18, 1941	January 22, 1947	November 10, 1963
Relationship with other Directors <i>inter se</i>	None	None	None	None
First Date of Appointment	February 4, 2002	March 30, 2006	June 30, 1993	July 1, 2006
Expertise in Specific Functional Areas	Economics	Public Administration, Finance, Capital Market Development and Regulation, Industrial and Investment Promotion	General Management, Business Development and Strategic Planning	General Management, Business Development and Strategic Planning
Qualifications	B.A. Economics, University of Delhi, M.A. Economics, B. Phil and D. Phil in Economics from Balliol College, University of Oxford	Bachelor's and Master's Degrees in Humanities, University of Delhi, Diploma in Development Studies from Cambridge University, U.K.	M. Com., F.C.A. (Fellow Member of The Institute of Chartered Accountants of India), P.G. Diploma in Advanced Financial Management from the Maastricht School of Management, C.A.I.B. from The Institute of Bankers, London, and C.A.I.I.B. from the Indian Institute of Bankers	B.Com Honours from University of Delhi and Chartered Accountant (The Institute of Chartered Accountants of India)
No. of Equity Shares held in the Company	Nil	Nil	20,339	Nil

Name of Director	Prof. Deepak Nayyar	Mr. Piyush Gunwantrao Mankad	Mr. Pranab Kumar Choudhury	Mr. Naresh Takkar
List of Other Companies in which Directorships are held	<ul style="list-style-type: none"> Steel Authority of India Limited Birla Corporation Limited 	<ul style="list-style-type: none"> Tata International Limited Tata Elxsi Limited DSP Blackrock Investment Managers Limited Max India Limited Noida Toll Bridge Company Limited Kingfisher Airlines Limited SRF Limited HeidelbergCement India Limited Tata Power Company Limited Mahindra Forgings Limited Mahindra & Mahindra Financial Services Limited United Breweries (Holdings) Limited 	<ul style="list-style-type: none"> ICRA Online Limited ICRA Management Consulting Services Limited ICRA Techno Analytics Limited Peerless Securities Limited Indian Railway Finance Corporation Limited ICRA Sapphire Inc. PT. ICRA Indonesia The Peerless General Finance & Investment Company Limited ICRA Lanka Limited 	<ul style="list-style-type: none"> ICRA Techno Analytics Limited ICRA Online Limited
List of Committees of the Board of Directors (across all companies) in which Chairmanship/ Membership is held	<p>Chairman</p> <ul style="list-style-type: none"> Audit Committee of Steel Authority of India Limited Shareholders' / Investors' Grievance Committee of Steel Authority of India Limited <p>Member</p> <ul style="list-style-type: none"> Audit Committee of ICRA Limited Shareholders' / Investors' Grievance Committee of ICRA Limited 	<p>Chairman</p> <ul style="list-style-type: none"> Investors' Grievance Committee of Tata Elxsi Limited Investors' Grievance Committee of HeidelbergCement India Limited <p>Member</p> <ul style="list-style-type: none"> Audit Committee of Tata International Limited Audit Committee of DSP Blackrock Investment Managers Limited Audit Committee of Max India Limited Audit Committee of Noida Toll Bridge Company Limited Investors' Grievance Committee of Noida Toll Bridge Company Limited Audit Committee of SRF Limited Audit Committee of HeidelbergCement India Limited Audit Committee of Tata Power Company Limited 	<p>Member</p> <ul style="list-style-type: none"> Shareholders' / Investors' Grievance Committee of ICRA Limited Audit Committee of ICRA Techno Analytics Limited Audit Committee of ICRA Online Limited Audit Committee of Peerless Securities Limited 	<p>Chairman</p> <ul style="list-style-type: none"> Audit Committee of ICRA Techno Analytics Limited <p>Member</p> <ul style="list-style-type: none"> Audit Committee of ICRA Online Limited

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,
11th 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 Twentieth Annual General Meeting of the Company to be held on Friday , the 12th day of August,
2011 , at 15:00 hours at Air Force Auditorium, Subroto Park, New Delhi 110 010, and at any adjournment
thereof.

Signed this day of 2011 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, 11th Floor;
26, Kasturba Gandhi Marg; New Delhi 110 001

ATTENDANCE SLIP

I hereby record my presence at the Twentieth Annual General Meeting of the Company held on Friday, the 12th day of August, 2011, 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. DP ID No.

Client ID No. No. of Share(s) held

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. Members are requested to bring their copy of the Annual Report to the meeting.

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, 2nd Floor, Naraina Industrial Area
Phase-II, Near Batra Banquet Hall
New Delhi 110 028

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 E-mail ID:
5. Particulars of the bank:
 - Bank Name:
 - Branch Name and Address:
 - Telephone Number of Bank:
 - The nine-digit Code Number of the Bank & 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, 11th Floor, Kailash Building,
26, Kasturba Gandhi Marg,
New Delhi - 110001
Tel.: (91-11) 23357940-50
Fax: (91-11) 23357014

Corporate Office:

Logix Park, 1st Floor,
Tower A-4 & A-5, Sector - 16,
Noida - 201 301
Tel. no.: (91 120) 4515800
Fax no. : (91 120) 4515850
Web: www.imacs.in

IMaCS VIRTUS GLOBAL PARTNERS, INC.

Registered Office:

2711, Centerville Road,
Suite 400, Wilmington City,
New Castle -19808, USA

Corporate Office:

501 Fifth Ave, Suite 302
New York, NY 10017, USA
Tel.:(646) 807-9290
Web:www.ivgpartners.com

PRAGATI DEVELOPMENT CONSULTING SERVICES LIMITED

Registered Office:

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

Corporate Office:

Logix Park, 1st Floor,
Tower A-4 & A-5, Sector - 16,
Noida - 201 301
Tel. no.: (91 120) 4101337
Fax no. : (91 120) 4103328

ICRA TECHNO ANALYTICS LIMITED

Registered Office:

FMC Fortuna, A-10 & 11,
3rd Floor, 234/3A, A.J.C. Bose Road,
Kolkata - 700 020
Tel.: (91 33) 22876617/22878839/
22800008/22831411
Fax: (91 33) 22870728

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Sector V, Salt Lake City,
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, USA
Tel.: 001 203-375-8668
Fax: 001 203-375-1965

AXIOM TECHNOLOGIES LIMITED

Registered Office:

FMC Fortuna, A-10 & 11, 3rd Floor
234/3A, A.J.C. Bose Road
Kolkata - 700 020
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ICRA ONLINE LIMITED

Registered Office:

FMC Fortuna, A-10 & 11
3rd Floor, 234/3A,
A.J.C. Bose Road
Kolkata - 700 020
Tel: (91 33) 22876617/22878839/
22800008/22831411
Fax: (91 33) 22870728

Branch Office:

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Convergence Contact Centre
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Tel.: (91 33) 40097800
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Corporate Office:

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Navi Mumbai - 400 614
Tel : (91 22) 67816100
Fax : (91 22) 27563057
Web: www.icraonline.com

PT. ICRA INDONESIA

Registered and Corporate Office:

Menara Rajawali
6th 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

10-02, East Tower
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Tel: +94-11-2333307, 773417517
Web: www.icralanka.com

GURGAON**(Corporate Office)**

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22800008/22831411
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CHENNAI

Karumuttu Centre
5th Floor, 634 Anna Salai
Nandanam, Chennai—600035
Tel: +91-44-45964300/24340043/9659/8080
24330724/3293-4
Fax: +91-44-24343663

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907 & 908, Sakar-II, Ellisbridge
(Opposite Town Hall)
Ahmedabad—380006
Tel: +91-79-2658-5494/2008/5049
Fax: +91-79-26584924

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The Millenia, Tower-B, Unit No. 1004
10th Floor, 1&2 Murphy Road
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Fax: +91-80-43326409

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4A, 4th Floor, SHOBHAN
6-3-927, A&B, Somajiguda
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Fax: +91-20-25561231

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