



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

Across the pages

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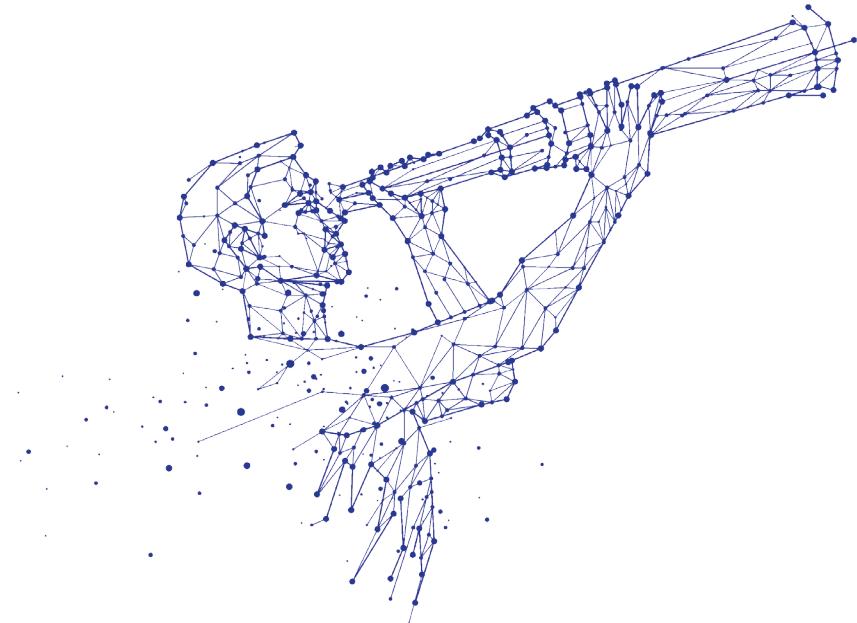
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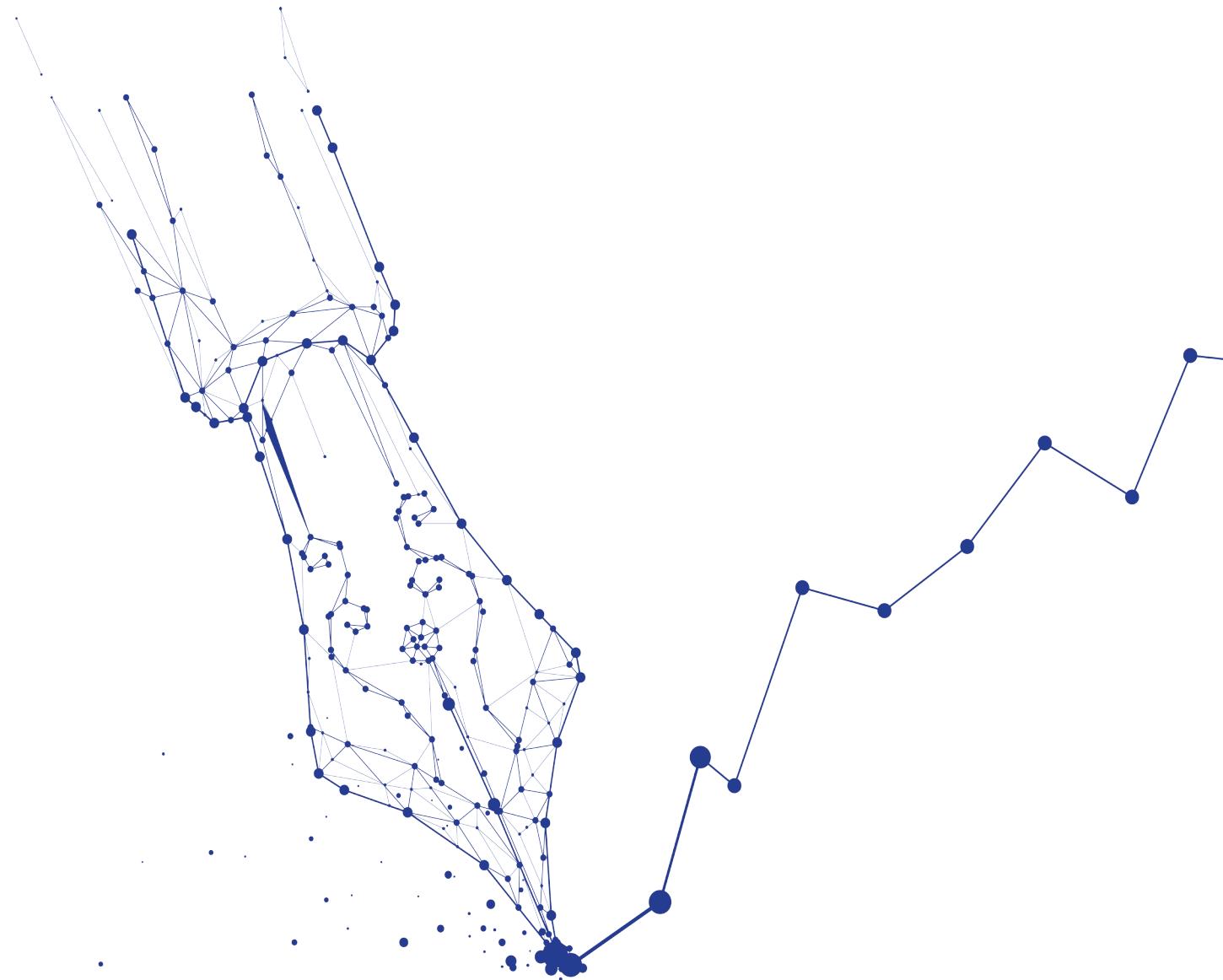
Disclaimer: This document contains statements about expected future events and financials of ICRA Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that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



ICRA at a Glance

ICRA Limited (formerly Investment Information and Credit Rating Agency of India Limited) was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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



Alliance with Moody's Investors Service

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

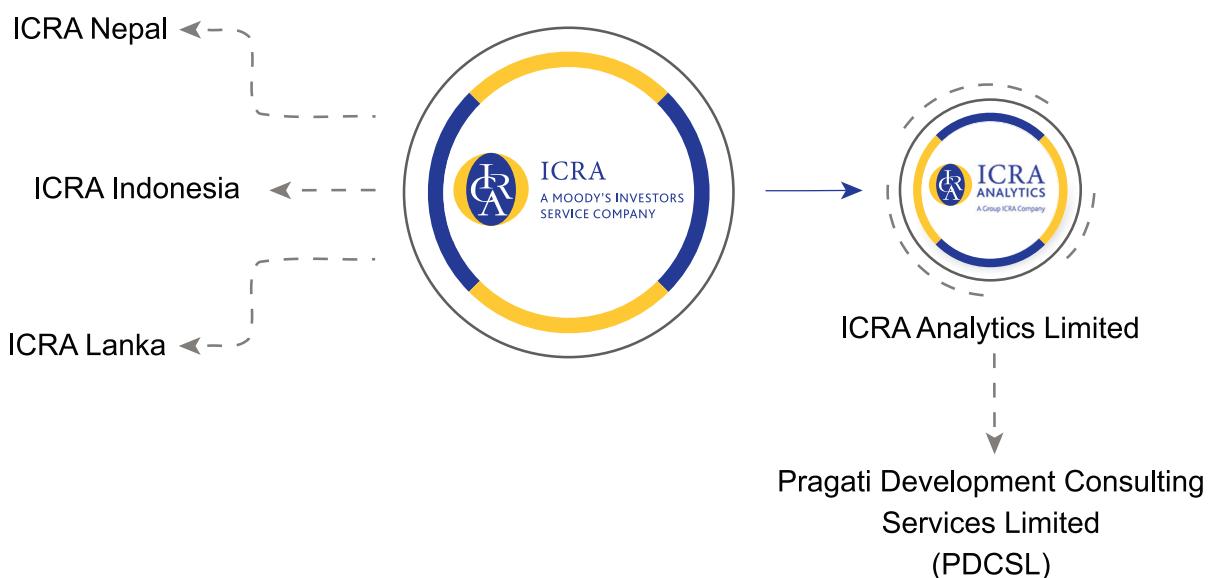


The ICRA Factor

Our services are designed to

- Provide information and guidance to institutional and individual investors/creditors;
- Enhance the ability of borrowers/issuers to access the money market and the capital market for tapping a larger volume of resources from a wider range of the investing public;
- Assist the regulators in promoting transparency in the financial markets;
- Provide intermediaries with a tool to improve efficiency in the funds raising process.

ICRA Group Structure

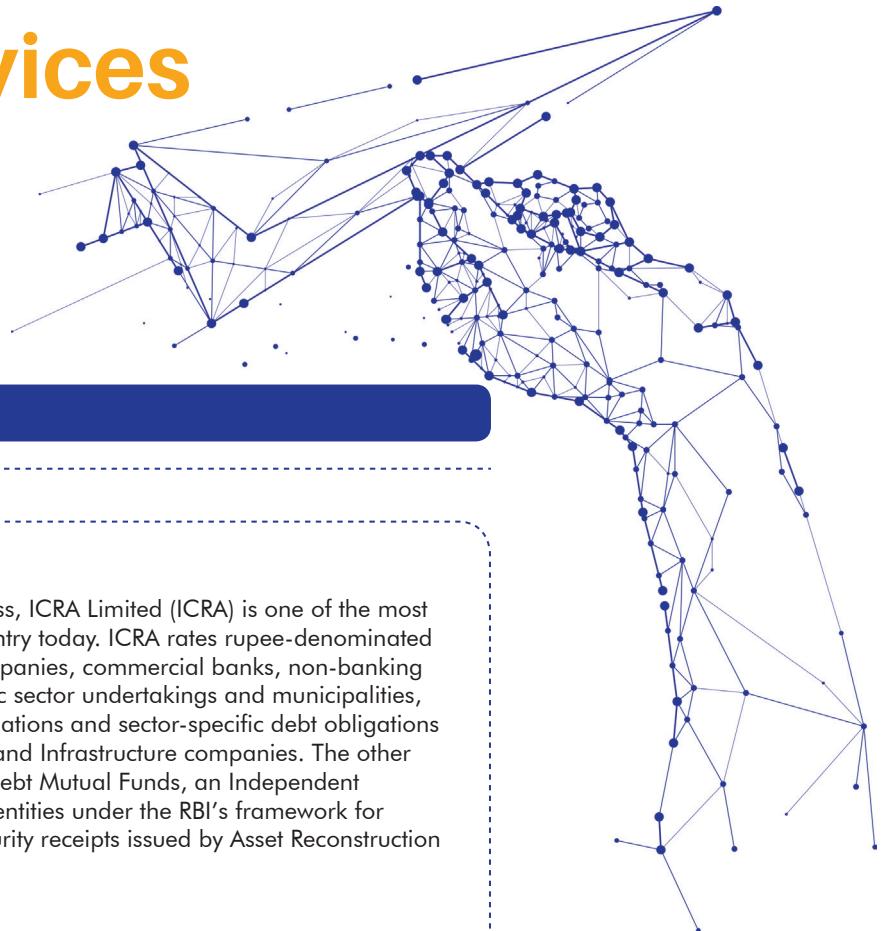


Our Mission

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

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

Range of Services



ICRA Limited

RATING SERVICES

As an early entrant in the Credit Rating business, ICRA Limited (ICRA) is one of the most experienced Credit Rating Agencies in the country today. ICRA rates rupee-denominated debt instruments issued by manufacturing companies, commercial banks, non-banking finance companies, financial institutions, public sector undertakings and municipalities, among others. ICRA also rates structured obligations and sector-specific debt obligations such as instruments issued by Power, Telecom and Infrastructure companies. The other services offered include Credit Risk Rating of Debt Mutual Funds, an Independent Credit Evaluation (ICE) of the residual debt in entities under the RBI's framework for resolution of stressed assets and Rating of security receipts issued by Asset Reconstruction Companies (ARCs) as required by RBI.

INDUSTRY RESEARCH

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

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

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

THE SERVICES SPECTRUM

Rating Services

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

Industry Research

www.icra.in



ICRA Lanka Limited

RATING SERVICES

ICRA Lanka Limited (ICRA Lanka), a wholly-owned subsidiary of ICRA, offers a wide range of Rating services in the Sri Lankan market, putting into use parent ICRA's accumulated experience in the areas of Credit Rating, Grading, and Investment Information. Its Rating focuses on entities in the financial and corporate sectors, besides long-, medium-, and short-term debt instruments issued by borrowers from various sectors of the economy.

ICRA Lanka also rates rupee-denominated debt instruments issued by commercial banks, non-banking finance companies, financial institutions, manufacturing, construction and service companies, among others. It also rates structured obligations and sector-specific debt obligations. The other services offered include Credit Risk Rating of Debt Mutual Funds, Insurance Financial Strength Rating of Insurance Companies, Project Finance Rating, Structured Finance Rating and Line of Credit Rating.

THE SERVICES SPECTRUM

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

www.icralanka.com

ICRA Nepal Limited

RATING SERVICES

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

THE SERVICES SPECTRUM

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

Rating Services to be offered in near future

- Claims Paying Ability of Insurance Companies

www.icranepal.com

ICRA Analytics Limited

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

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

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

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

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

THE SERVICES SPECTRUM**Risk Management**

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

Market Data

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

Consulting

ENERGY & RENEWABLES

- Financial & Risk Advisory
- Tariff Assistance

DEVELOPMENT SECTOR

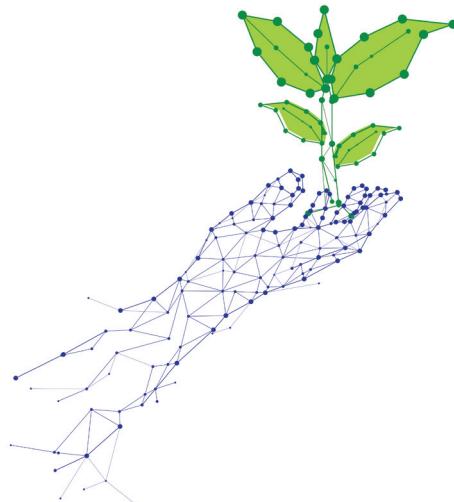
- Design & Monitoring
- Program Management
- Technical Assistance

Knowledge Services

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



Corporate Social Responsibility



ICRA's CSR Mission

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

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

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

SKILL DEVELOPMENT

Digital Inclusion for Young Aspirants (DIYA)

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

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

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



Students enhancing practical knowledge in Training Center



Students getting training on hardware skills

Making a Difference (MAD)

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

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

Women Entrepreneurship Programme (WEP)

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

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

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



Women taking financial management training



Women during skill development training

EDUCATION**Residential Learning Camp (RLC)**

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

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

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

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



Activity based learning in RLC



Important to ensure healthy motor skills among children

Sponsorship Programmes

ICRA firmly believes in promoting inclusive education for the children. It means we strive hard to nurture ecosystems that enable learning for all. With this vision in mind we are currently involved in a few such initiatives.

We have partnered with the Amar Jyoti Charitable Trust in Delhi to provide education to the specially-abled children.

The other notable programme is being run with the Vidya Integrated Development for Youths & Adults (VIDYA) and Deepalaya. These are NGO-run schools that house classrooms, laboratories,

computers, and a library. The quality of education and facilities are at par with some of the best public schools in the city. These schools provide over 2000 marginalised children with quality education and improved infrastructure and facilities in Haryana i.e. in the slum areas of Gurgaon and villages of Mewat respectively. ICRA's aim is to equip the children with the opportunities of India's emerging economy and motivate them to excel in their varied fields and lead India into the future.

ICRA is currently sponsoring approximately 300 children from the above programmes.



Extra-curricular activity at Vidya



Students engagement in class at Deepalaya

ENVIRONMENT SUSTAINABILITY

Lake Restoration Project

ICRA's environmental sustainability programme is currently focused on lake restoration and tree plantation drives. The programmes strive to constructively engage employees in environment conservation.

The lake restoration project is designed with the primary objective of improving and enhancing the water-holding capacity of the Singahalli Lake, Bengaluru.

The project will be completed in two phases – resulting in better cropping patterns, more productivity of land, and reduction in water wastage near the area. ICRA has also pledged to plant more than 2000 trees to increase the green cover and floral diversity around the lake.



Team during the Inauguration ceremony of lake restoration project

EMERGENCY INITIATIVE

The Covid-19 pandemic is the defining global health crisis of our time. As responsible citizens, ICRA has contributed Rs. 1 Cr to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Funds (PM CARES Fund). These funds will be used for

essential activities like testing, setting up of isolation wards, procurement of personal protective gears, ventilators, post-rehabilitation provisions, etc.

EMPLOYEE VOLUNTEERING PROGRAMME

While we work with several external agencies for our various outreach programmes, we firmly believe that more needs to be done. Hence, several volunteering initiatives are organised within our organisation. It is a great platform for ICRA employees to engage in the social outreach initiatives and community programmes, it also strengthens our ongoing projects wherever necessary. Employees are also sensitised

about the challenges that our society faces today and thus helps create a larger impact. We strive hard to ensure that each employee contributes towards the society in some way, thereby enabling people to become responsible and work towards the larger agenda of social responsibility.



Employee engagement activity with the Vidya School children



Employees during tree plantation drive in the embankment of the Singahalli lake



Employees engaging with the women of the WEP on financial management



ICRA Board of Directors



Mr. Arun Duggal

Mr. Arun Duggal is the Non-Executive Chairman and an Independent Director of ICRA Limited. He is also a Visiting Professor at the Indian Institute of Management, Ahmedabad, where he teaches a course on Venture Capital, Private Equity and Business Ethics. He is an experienced international Banker and has advised companies and financial institutions on Financial Strategy, M&A and Capital Raising.

Mr. Duggal is also Chairman of Board of Directors of International Asset Reconstruction Company Private Limited and Mangalore Chemicals & Fertilizers Limited. He is on the Boards of ITC Limited, Star Health & Allied Insurance Co. Ltd, Jubilant Pharma Limited, Singapore and IIT Delhi Endowment Management Foundation.

Mr. Duggal had a 26 years career with Bank of America, mostly in the U.S., Hong Kong and Japan. His last assignment was as Chief Executive of Bank of America in India from 1998 to 2001. He is an expert in international finance and from 1981-1990 he was head of Bank of America's (oil & gas) practice handling relationships with companies like Exxon, Mobil, etc. From 1991-94 as Chief Executive of BA Asia Limited, Hong Kong, he looked after Investment Banking activities for the Bank in Asia. In 1995, he moved to Tokyo as the Regional Executive, managing Bank of America's business in Japan, Australia and Korea.

Mr. Duggal is involved in several initiatives in social and education sectors. Mr. Duggal is the founder of "Centre of Excellence for Research on Clean Air (CERCA)" at Indian Institute of Technology,

Delhi, India. He was erstwhile Chairman of the American Chamber of Commerce, India.

He is the founder of Women on Corporate Boards program in India under which high potential women are mentored individually by Corporate Leaders to prepare them for Board careers. Women from this program are serving on over 200 corporate Boards.

Mr. Duggal is also the Chairman of the Board of Advisor of COVID-19 Healthcare Professional (CHP) initiative to connect healthcare professionals with hospitals requiring their services for treating COVID-19 patients.

Mr. Duggal is also the Chairman of Indian Institute of Technology Delhi Endowment Fund. IITD Endowment Fund is India's first alumni endowment fund by an educational institute.

Mr. Duggal is a Trustee of Chennai Mathematical Institute (CMI). CMI is a Centre of Excellence for Teaching and Research in Mathematical Sciences.

A Mechanical Engineer from the prestigious Indian Institute of Technology, Delhi, Mr. Duggal holds an MBA from the Indian Institute of Management, Ahmedabad (recipient of Distinguished Alumnus Award).



Ms. Ranjana Agarwal

Ms. Ranjana Agarwal is an Independent Director on the board of ICRA Limited and chairs their Audit and CSR committees.

Ms. Agarwal is the founder partner of Vaish & Associates, Chartered Accountants and has over 35 years of experience in audit, tax and related services including succession planning, management of family trusts and business valuations. She was also a partner in Deloitte Haskins & Sells until 2000.

Ms. Agarwal was the national president of the women wing of FICCI and currently co chairs their 'FLO women directors' programme.

Ms. Agarwal is life trustee in Vaish Associates Public Welfare trust which works in the field of education and health care.

Ms. Ranjana Agarwal has done her Honours in Economics from Lady Shri Ram College, Delhi University and has done her CA training from Price Waterhouse Coopers.

ICRA Limited



Ms. Radhika Vijay Haribhakti

Ms. Radhika Vijay Haribhakti is an Independent Director on the board of ICRA Limited. Ms. Haribhakti has over 30 years of experience in Commercial and Investment Banking with Bank of America, JM Morgan Stanley and DSP Merrill Lynch. She has advised several large corporates and led their Equity and Debt offerings in domestic as well as international capital markets. She now heads RH Financial, a boutique Advisory Firm focused on M&A and Private Equity.

She is on the Boards of Directors of EIH Associated Hotels Limited, Mahanagar Gas Limited, Navin Fluorine International Limited and Rain Industries Limited. At these companies, she is a member of several board committees, including some which she chairs.

Ms. Haribhakti has also been closely associated with issues of women empowerment and financial inclusion and has served on the Boards of non profits for over 18 years, including 12 years as Chairperson. She is the former Chair of Friends of Women's World Banking (FWWB) and Swadhaar Finaccess, both non profits engaged in providing financial solutions to women in economically disadvantaged communities. She has also served on the Governing Council of Citigroup Micro Enterprise Award and CII's National Committee on Women Empowerment.

She is currently Co Convener of "Training for Women on Corporate Boards", a FICCI – FLO initiative.

Ms. Haribhakti is a graduate in Commerce from Gujarat University and a Post Graduate in Management from the Indian Institute of Management (IIM), Ahmedabad.



Dr. Min Ye

Dr. Min Ye is a Non-Independent Director of ICRA Limited. He is the Managing Director – Head of MIS International. He is responsible for formulating business growth initiatives, budgeting and planning, managing Moody's offices and affiliate relations, and monitoring the regulatory environment in the Asia Pacific region. Earlier, he was the Managing Director and the Country Manager for Moody's China, as well as the Chief Executive Officer of China Chengxin International Credit Rating Co. Ltd., a Moody's affiliate in China. Dr. Min Ye, who joined Moody's as a Senior Analyst and Vice President in 1994, has also worked as the Managing Director of the Structured Finance Group for Asia Pacific (ex-Japan) in Hong Kong.

Dr. Min Ye has a BE and an ME in Electrical Engineering from the Tsinghua University in Beijing. He also has a Ph.D. in Electrical and Computer Engineering from the Carnegie Mellon University, USA.



Mr. Thomas John Keller Jr.

Mr. Thomas John Keller Jr. is a Non-Independent and Non-Executive Director of ICRA Limited.

Mr. Keller recently retired from his dual role as Managing Director and Head of both the Commercial Group and Regional Management of Moody's Investors Service (MIS), leaving the Commercial role in January 2019 and the Regional Management role June 30, 2019.

As Head of the Commercial Group, Mr. Keller drove MIS's sales and marketing efforts, product development and strategic initiatives. As Head of the Regional Management organization, he provided global leadership to advance, execute and communicate strategies across regions in which MIS operates.

In addition, he oversaw the relationships with MIS's non-Moody's-branded affiliates to manage risk exposure and enhance cooperation. He was also the executive sponsor of Moody's LGBT Employee Resource Group and a board member of the Hetrick-Martin Institute.

Prior to these roles, Mr. Keller held a number of leadership positions in the company, including head of sovereign ratings, managing director for the Global Public, Project and Infrastructure Finance Group, head of MIS Asia Pacific, and representative director of Moody's Japan. Mr. Keller joined the company in 1992 as a senior analyst. Prior to Moody's, he worked at Chemical Bank and Manufacturers Hanover Trust Company. He earned a B.B.A. from the University of Rhode Island and an M.B.A. from Iona College.



Mr. David Brent Platt

Mr. David Brent Platt is a Non-Executive, Non-Independent Director of ICRA Limited. Mr. Platt currently serves as SVP & Chief Strategy Officer for Moody's Corporation, with responsibility for Corporate Development, Global Communications and Moody's Corporate Social Responsibility (CSR) activities. Previously, Mr. Platt served as Managing Director and Head of Corporate Development for Moody's from January 2013 to November 2018.

Prior to joining Moody's, Mr. Platt provided M&A and corporate finance advisory services to clients, including Moody's, from 2010 to 2012. Previously, he served as a Managing Director in the M&A Group at Deutsche Bank from 2007 to 2009, advising companies and boards across a range of industries.

Prior to Deutsche Bank, Mr. Platt served as a Managing Director in the M&A Group at Bank of America and held similar roles in the M&A Groups at Citigroup and Donaldson, Lufkin & Jenrette from 1997 to 2007. From 1992 to 1997, Mr. Platt was a Senior Investment Analyst in the Money Market Fixed Income Division at Fidelity Investments where his responsibilities included credit risk assessment, setting of exposure limits and investment oversight for a broad range of corporate and municipal credits as well as structured products.

Mr. Platt holds an M.B.A. from the University of Chicago, a B.A. from the University of California, Berkeley in Political Economies of Industrialized Societies and earned the CFA designation.



Mr. Michael Foley

Mr. Michael Foley is an Additional Director of ICRA Limited under the category of Non-Executive, Non-Independent Director.

Mr. Foley, Vice Chairman, Asia Pacific, is a senior member of the Moody's Investors Service Regional Management team. Based in Singapore, Mr. Foley supports efforts to provide best in class credit ratings, research, data, analytics and insights for cross border and domestic credit markets in Asia Pacific.

Previously, Mr. Foley spent 7 years as the global head of Moody's Banking, Insurance and Managed Investment rating businesses. Mr. Foley joined Moody's from the Board of Governors of the Federal Reserve in Washington, D.C. where he was the Senior Associate Director of Banking Supervision and Regulation from 2008 until 2012. While at the Federal Reserve, he managed a group responsible for the supervision of large, complex domestic and foreign banking organizations.

Prior to his role at the Federal Reserve, Mr. Foley spent 14 years at Moody's in a number of roles. His last position, in 2007, was Managing Director, Fundamental Business Management. From 2002 to 2006, Mr. Foley was Managing Director, Regional Head for EMEA, where he had responsibility for Moody's offices in Europe, as well as for Moody's affiliate relationships, and matrix responsibility for EMEA ratings and research activities. From 1997 to 2001, Mr. Foley was a Managing Director in Corporate Finance managing ratings for telecom, media and technologies, energy, utilities, healthcare and basic industries. He was also a Managing Director in Finance, Securities and Insurance from 1996 to 1997 and a Vice President in the Financial Institutions Group from 1993 to 1996.

Before Moody's, Mr. Foley worked at KPMG Peat Marwick and the Federal Reserve in Washington, D.C.



Mr. N. Sivaraman

Mr. N. Sivaraman is the Managing Director & Group CEO of ICRA.

Mr. N. Sivaraman is a reputed business leader who spent 34 years with Larsen & Toubro Limited (L&T) Group. His last position was President and Whole-Time Director of L&T Finance Holdings, a subsidiary of L&T and a listed company. Under his leadership, L&T Finance Holdings became the first subsidiary of L&T to be publicly listed. He strategized expansion of the business across lending, asset management and insurance, and led inorganic growth initiatives as well, overseeing key acquisitions in asset management, housing and personal vehicle finance. In his 34 years of association with L&T Group, Mr. N. Sivaraman held many key roles in Finance & Accounts, Mergers & Acquisitions, Treasury, Project Finance, Corporate Finance and Investor Relations.

Since his exit in 2016 from L&T Group, Mr. N. Sivaraman has been working on establishing a platform for financing infrastructure projects using a combination of NBFC and managed funds. At the same time, his firm – 5E Financial Services, has been advising entities seeking to invest debt funds in infrastructure projects. In December 2018, Mr. N. Sivaraman joined IL&FS Group, as Group Chief Operating Officer, responsible for asset monetization and creditor engagement, including restructuring of loans, where required. His assignment with IL&FS ended on July 31, 2020.

Mr. N. Sivaraman holds a Bachelor of Commerce from Madras University and is a Chartered Accountant from the Institute of Chartered Accountants of India.

ICRA Limited

Senior Management



Mr. Amit Kumar Gupta

Mr. Amit Kumar Gupta is a Whole-time Director and General Counsel of ICRA Limited.

Mr. Gupta joined ICRA in 2015. He has over 20 years of diverse industry experience in mostly insurance and financial services. Prior to joining ICRA, Mr. Gupta has worked at Ameriprise Financials, Aviva Life Insurance, Sanlam Investment and Bajaj Allianz, managing various responsibilities in the similar domain.

Mr. Gupta is a Law Graduate and a member of the Institute of Company Secretaries of India.



Mr. N. Sivaraman
Managing Director & Group CEO



Mr. Vipul Agarwal
Group Chief Financial Officer



Mr. Ramnath Krishnan
President of Ratings



Mr. L. Shivakumar
Executive Vice-President & Head Institutional Corporate Group



Mr. Jayanta Chatterjee
Executive Vice-President & Head Strategic and Emerging Corporate Group



Mr. Anjan Deb Ghosh
Executive Vice-President & Chief Rating Officer



Mr. Subrata Ray
Senior Group Vice-President



Mr. Amit Kumar Gupta
Whole-time Director & General Counsel



Ms. Sheetal Sandhu
Group HR Head



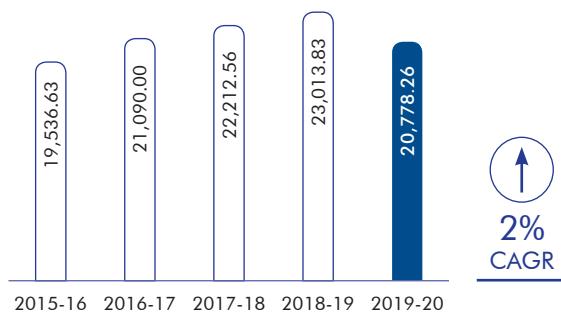
Mr. S. Shakeb Rahman
Company Secretary & Compliance Officer



ICRA: Key Trends

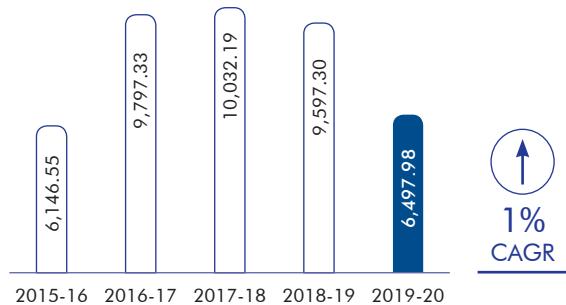
Trend in Operating Income

(in ₹ Lakh)



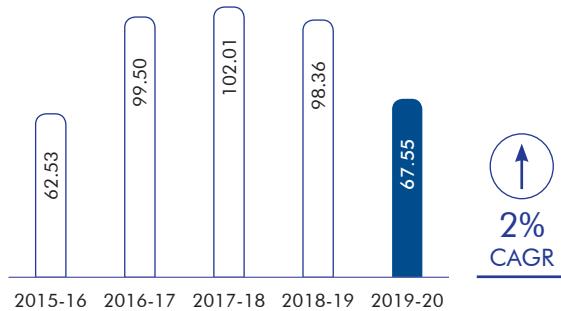
Trend in Profit After Tax

(in ₹ Lakh)



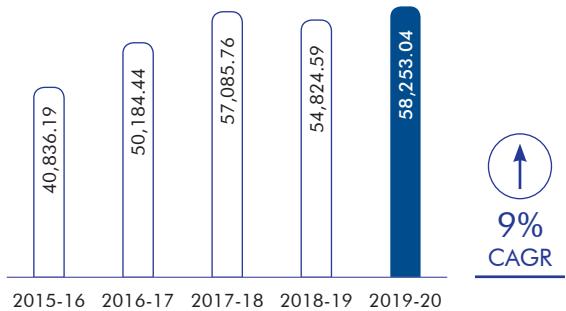
Trend in EPS

(in ₹)



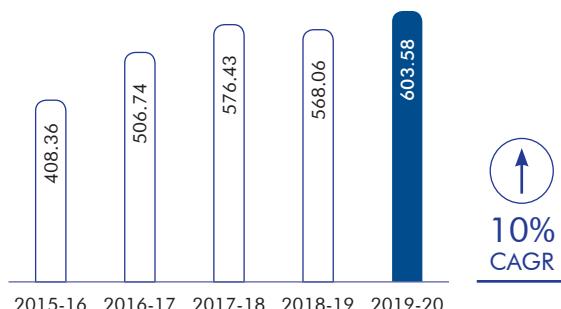
Trend in Networth

(in ₹ Lakh)



Trend in Book Value Per Share

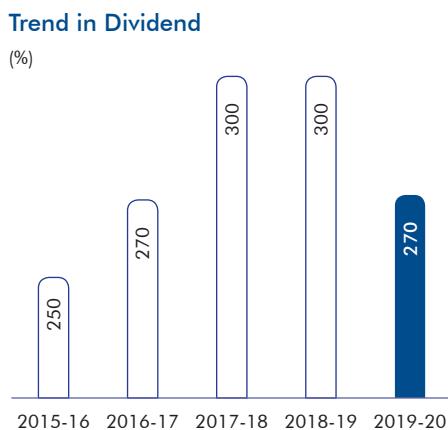
(in ₹)



Trend in Dividend Payout (%)

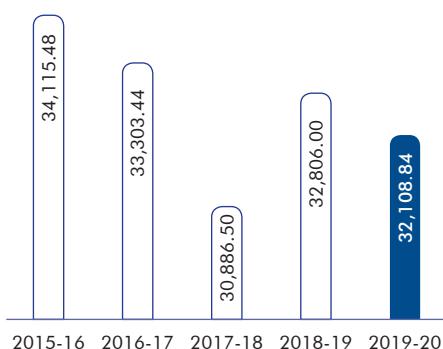
(%)



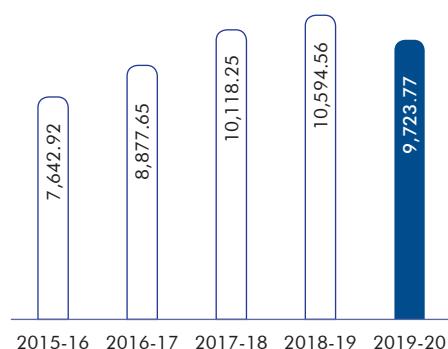


Group ICRA: Key Trends

Trend in Operating Income
(in ₹ Lakh)

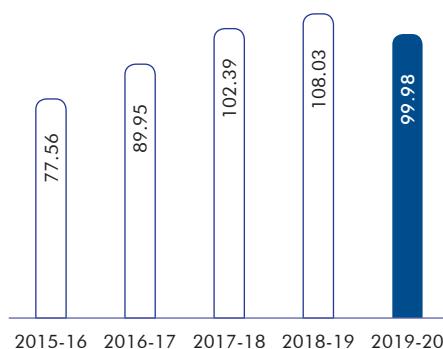


Trend in Profit After Tax (before minority interest)
(in ₹ Lakh)



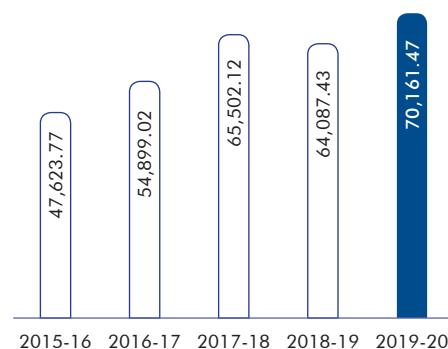
6%
CAGR

Trend in EPS (basic)
(in ₹)



7%
CAGR

Trend in Networth
(in ₹ Lakh)



10%
CAGR



Corporate Information

Chairman Emeritus

Mr. D. N. Ghosh

Board of Directors

Mr. Arun Duggal

Chairman, Independent Director

Ms. Ranjana Agarwal

Independent Director

Ms. Radhika Vijay Haribhakti

Independent Director

Dr. Min Ye

Non Executive and Non Independent Director

Mr. Thomas John Keller Jr.

Non Executive and Non Independent Director

Mr. David Brent Platt

Non Executive and Non Independent Director

Mr. Michael Foley

Additional Director, Non Executive and Non Independent

Mr. N. Sivaraman¹

Managing Director & Group CEO

Mr. Amit Kumar Gupta²

Whole-time Director & General Counsel

Audit Committee

Ms. Ranjana Agarwal, *Chairperson*

Ms. Radhika Vijay Haribhakti

Mr. Arun Duggal

Dr. Min Ye

Nomination and Remuneration Committee

Ms. Radhika Vijay Haribhakti, *Chairperson*

Ms. Ranjana Agarwal

Dr. Min Ye

Stakeholders Relationship Committee

Mr. Michael Foley, *Chairman*

Ms. Ranjana Agarwal

Mr. Arun Duggal

Corporate Social Responsibility Committee

Ms. Ranjana Agarwal, *Chairperson*

Mr. David Brent Platt

Mr. Michael Foley

Strategy Committee

Dr. Min Ye, *Chairman*

Mr. Thomas John Keller Jr.

Mr. David Brent Platt

Buyback Committee

Mr. Arun Duggal

Ms. Ranjana Agarwal

Investment and Real Estate Committee

Ms. Ranjana Agarwal, *Chairperson*

Ms. Radhika Vijay Haribhakti

Mr. Michael Foley

Risk Management Committee

Mr. David Brent Platt, *Chairman*

Ms. Ranjana Agarwal

Ms. Radhika Vijay Haribhakti

Mr. Thomas John Keller Jr.

Mr. Michael Foley

RATINGS SUB-COMMITTEE

Mr. Michael Foley, *Chairman*

Mr. Arun Duggal

Dr. Min Ye

Statutory Auditors

B S R & Co. LLP

Chartered Accountants

Group Chief Financial Officer

Mr. Vipul Agarwal

General Counsel

Mr. Amit Kumar Gupta

Company Secretary & Compliance Officer

Mr. S. Shakeb Rahman

Bankers

Axis Bank Limited

HDFC Bank Limited

ICICI Bank Limited

Kotak Mahindra Bank Limited

State Bank of India

Registrar and Share Transfer Agent

Link Intime India Private Limited

Registered Office

1105, Kailash Building, 11th Floor, 26,
Kasturba Gandhi Marg, New Delhi -110001

Corporate Office

Building No. 8, 2nd Floor, Tower A,
DLF Cyber City, Phase II,
Gurugram -122002, Haryana

¹Appointment is effective from August 10, 2020

²Appointment is effective from February 7, 2020

ICRA Limited**FINANCIAL HIGHLIGHTS OF ICRA LIMITED**

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
1 Operating Income	12,930.51	13,936.08	14,859.41	16,289.93	18,124.53	19,536.63	21,090.00	22,212.56	23,013.83	20,778.26
2 Non-Operating Income	1,254.26	1,973.77	1,624.12	1,728.71	2,492.54	2,369.31	4,882.74	5,074.27	4,452.79	4,057.40
3 Total Income	14,184.77	15,909.85	16,483.53	18,018.64	20,617.07	21,905.94	25,972.74	27,286.83	27,466.62	24,835.66
4 PBIT (before prior period adjustments & exceptional items)	7,083.74	7,762.39	7,498.60	8,437.01	9,898.97	10,109.57	13,049.42	14,853.37	13,353.41	9,909.06
5 Depreciation	(203.23)	(189.64)	(210.74)	(245.20)	(369.08)	(355.60)	(320.27)	(265.78)	(243.42)	(537.64)
6 Finance cost	-	-	-	-	-	(3.89)	(3.46)	(3.32)	(3.32)	(166.22)
7 Prior Period Adjustments	-	-	-	-	(764.82)	-	-	-	-	-
8 Exceptional Items	-	-	-	-	(1,151.95)	(345.52)	681.29	-	-	-
9 Profit Before Tax	6,880.51	7,572.75	7,287.86	8,191.81	7,613.12	9,408.45	13,406.55	14,584.13	13,106.67	9,205.20
10 Tax Provision	(2,389.15)	(2,482.77)	(1,249.53)	(2,318.66)	(2,571.24)	(3,261.90)	(3,609.22)	(4,551.94)	(3,509.37)	(2,707.22)
11 Profit After Tax	4,491.36	5,089.98	6,038.33	5,873.15	5,041.88	6,146.55	9,797.33	10,032.19	9,597.30	6,497.98
12 Other comprehensive income, net of tax	-	-	-	-	-	-	(47.95)	(21.98)	(23.11)	(53.84)
13 Total comprehensive income for the year	4,491.36	5,089.98	6,038.33	5,873.15	5,041.88	6,146.55	9,749.38	10,010.21	9,574.19	6,444.14
14 Equity Share Capital	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	990.33	990.33	965.12	965.12
15 Securities Premium	6,511.23	6,939.37	7,680.85	8,459.63	8,608.94	8,703.56	4,966.98	5,078.29	-	-
16 Net Worth	24,234.13	28,291.65	32,236.74	35,565.46	37,698.58	40,836.19	50,184.44	57,085.76	54,824.59	58,253.04
17 Dividend (%)	170%	200%	220%	230%	240%	250%	270%	300%	300%	270%
18 Basic Earnings Per Share (Rs.)	44.91	50.90	60.38	58.73	51.44	62.53	99.50	102.01	98.36	67.55
19 Book Value Per Share (Rs.)	242.34	282.92	322.37	355.65	376.99	408.36	506.74	576.43	568.06	603.58

Note: The figures from financial years 2016-17 onwards are as per Ind AS

FINANCIAL HIGHLIGHTS OF GROUP ICRA

(Rs. in lakh)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
1 Operating Income	19,302.91	20,746.17	25,141.06	28,296.22	32,191.42	34,115.48	33,303.44	30,886.50	32,806.00	32,108.84
2 Non-Operating Income	1,284.06	2,128.68	1,791.31	1,934.69	2,623.23	2,707.79	3,959.20	4,935.53	4,479.57	4,796.75
3 Total Income	20,586.97	22,874.85	26,932.37	30,230.91	34,814.65	36,823.27	37,262.64	35,822.03	37,285.57	36,905.59
4 PBDIT (before prior period adjustments & exceptional items)	7,850.35	8,382.95	7,687.48	10,473.51	12,516.88	12,812.66	14,085.59	16,443.31	15,773.53	14,381.07
5 Depreciation	(452.63)	(465.30)	(483.19)	(601.02)	(965.36)	(957.69)	(853.82)	(752.52)	(562.24)	(1,029.01)
6 Finance cost	(0.07)	(0.47)	-	(81.78)	(198.30)	(55.15)	(3.89)	(10.36)	(7.48)	(204.47)
7 Prior Period Adjustments	-	-	-	-	(896.63)	-	-	-	-	-
8 Exceptional Items	-	-	-	-	(413.15)	-	-	-	-	-
9 Profit Before Tax	7,397.65	7,917.18	7,204.29	9,790.71	10,043.44	11,799.82	13,227.88	15,680.43	15,203.81	13,147.59
10 Tax Provision	(2,589.45)	(2,531.12)	(1,323.48)	(2,898.37)	(3,485.10)	(4,156.90)	(4,350.23)	(5,562.18)	(4,609.25)	(3,423.82)
11 Profit After Tax (before minority interest)	4,808.20	5,386.06	5,880.81	6,892.34	6,558.34	7,642.92	8,877.65	10,118.25	10,594.56	9,723.77
12 Other comprehensive income, net of tax	-	-	-	-	-	-	(60.78)	0.01	(38.14)	(62.53)
13 Total comprehensive income for the year	4,808.20	5,386.06	5,880.81	6,892.34	6,558.34	7,642.92	8,816.87	10,118.26	10,556.42	9,661.24
14 Equity Share Capital	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	990.33	990.33	965.12	965.12
15 Securities Premium	6,511.23	6,939.37	7,680.85	8,459.63	8,608.94	8,703.56	4,966.98	5,078.29	-	-
16 Net Worth	25,704.81	30,161.33	33,923.75	38,793.86	42,877.56	47,623.77	54,899.02	65,502.12	64,087.43	70,161.47
17 Basic Earnings Per Share (Rs.)	48.11	54.01	59.16	68.92	66.77	77.56	89.95	102.39	108.03	99.98
18 Book Value Per Share (Rs.)	257.05	301.61	339.24	387.94	428.78	476.24	554.35	661.42	664.04	726.97

Note: The figures from financial years 2016-17 onwards are as per Ind AS



ICRA Limited
Directors' Report

To,

The Members,

ICRA Limited

Your Directors have the pleasure in presenting the 29th Annual Report of your Company along with the Audited Financial Statements for the year ended March 31, 2020.

Financial Performance

During its 29th year of operations, your Company has earned a net profit of Rs. 64.98 crore as against Rs. 95.97 crore during the previous year. Your Company's basic earnings per share for the year ended March 31, 2020 was Rs. 67.55, as against Rs. 98.36 in the previous year. The financial results of your Company (standalone and consolidated) for the year ended March 31, 2020 are presented in the following tables.

Standalone		
Particulars	2018-19 (Rs. crore)	2019-20 (Rs. crore)
Revenue from operations	230.14	207.78
Other income	44.53	40.58
Total income	274.67	248.36
Total expenses	143.60	156.31
Profit before tax	131.07	92.05
Total tax expense	35.10	27.07
Profit for the year	95.97	64.98
Total other comprehensive income, net of tax	(0.23)	(0.54)
Total comprehensive income for the year	95.74	64.44

Figures are extracted from the audited standalone financial statements as per Indian Accounting Standards (Ind AS).

1 crore = 10 million

Consolidated		
Particulars	2018-19 (Rs. crore)	2019-20 (Rs. crore)
Revenue from operations	328.06	321.09
Other income	44.80	47.97
Total income	372.86	369.06
Total expenses	220.82	237.58
Profit before tax	152.04	131.48
Total tax expense	46.09	34.24
Profit for the year	105.95	97.24
Total other comprehensive income, net of tax	(0.38)	(0.63)
Total comprehensive income for the year	105.57	96.61

Figures are extracted from the audited consolidated financial statements as per Indian Accounting Standards (Ind AS).

1 crore = 10 million



Directors' Report

Review of Operations

Rating Services

Market and Business Overview

The credit rating business faced headwinds in FY2020 in terms of decelerating economic growth, limited credit demand and continued risk aversion towards the non-banking financial companies (NBFCs) and housing finance companies (HFCs) segment. GDP growth is estimated to have declined considerably during FY2020, despite a pick-up in the expansion of Government spending, with private sector investment activity remaining sluggish.

The bond issuances are estimated to have decreased by 4% during FY2020 largely because of reduced issuances by NBFCs/HFCs (which comprise nearly 55-60% of the debt issuances) even as issuances by corporate sector entities grew and the issuances from banks remained flat. The growth in issuance from the corporate sector remained supported by issuances of the Government of India (GoI)-serviced bonds and the GoI-guaranteed bonds by various public sector undertakings (PSUs). Within the NBFCs/HFCs, increased risk aversion of investors and deteriorating credit quality in the sector remained key factors for degrowth even as the issuances from Public Sector NBFCs remained strong. Of the overall bond issuances, as per ICRA's estimates, the PSUs accounted for 56% of the issuances in FY2020 compared to 34% in FY2019. The outstanding stock of commercial paper declined by 29% as the borrowers continued to correct their asset-liability mismatches and the investors were more discerning and restricted their preference to stronger issuers with better risk management practices.

Bank credit growth recorded a multi-year low during FY2020, which was mainly driven by the slowing economy and a higher risk aversion, despite high banking system liquidity for most part of the year. The bond issuances from banks and financial institutions remained flat as the Basel II debt capital instruments got phased out and refinancing volumes of financial institutions remained steady.

Economic growth recorded a deceleration in FY2020, reflecting the slowdown in the industrial and the service sectors. While Government spending stood out as the main driver of growth, domestic consumption demand was modest, driven by the subdued trend in the rural sector. The credit squeeze witnessed by the NBFCs had an adverse impact on consumption as well as supply of credit to micro-small and medium enterprises. Moreover, non-Government investment activity remained muted, with modest capacity utilisation levels. In Q4 FY2020, the emergence of the coronavirus, which led to the lockdown, depressed economic growth. This has led to a sharp decline in business and consumer confidence and heightened global as well as domestic risk aversion.

Despite the economic headwinds that adversely impacted the debt and bank loan volumes, your Company added a good number of large clients, including some marquee names, to its portfolio even as the total number of rated entities reduced as your Company has been less aggressive in the smaller loan segment. While these new mandates did mitigate the impact of the reduction in business from existing customers, particularly in the NBFCs and the HFCs segment, this importantly underscores your Company's positioning as a credible rating agency by the market participants.

While bank credit growth is expected to remain muted in FY2021, the debt capital markets activity will be driven by factors like economic outlook, risk aversion, interest rate trajectory and the demand for corporate bonds, amid a significantly higher supply of Government bonds. The current risk aversion amongst market participants amidst the economic slowdown will continue to influence the investment decision only towards better-rated or stronger entities, despite the regulatory thrust to deepen the bond markets.

Corporate Sector

The bank credit to the corporate sector registered a decline in FY2020, driven by sustained risk aversion, slowing consumption and lack of any meaningful pick-up in investment activity. Borrowings through the bond route were also impacted by increased risk aversion and unfavourable yields for credits that were either lower rated or lacked the support of strong groups.

Corporates faced elevated pressures in FY2020 against the backdrop of a slowing economy caused by sluggish consumption and investment demand as well as escalating trade tensions. The pressures were further intensified by heightened funding

ICRA Limited

Directors' Report

challenges due to increasing vulnerabilities of the financial sector, specifically NBFCs, in terms of deteriorating asset quality and concerns around liquidity and asset-liability mismatches. Accompanying the concerns around slowing economic growth and simmering global trade tensions, was scepticism, relating to the corporate governance practices followed by some of the borrowers. These factors, along with increased cost and reduced availability of funding, contributed to weaker credit profiles and slower growth.

While the economy was showing signs of bottoming out in the latter half of the year, the onset of the Covid-19 pandemic, which is unprecedented, both in the nature of its impact and the time period for which the consequences will be felt, has plunged the economy into extreme uncertainty. The lockdown announced by the Government, with only a gradual opening up of certain activities, is expected to have a severe impact on the economy. The size of the GDP shrinkage would be contingent on the extent to which a graded resumption in activities is permitted, the magnitude of Government spending to cushion the blow from the lockdown and the fact that whether a second wave of infections prompts further lockdowns later in the year. At present, we forecast the Indian GDP to shrink by 5% in FY2021.

The impact of Covid-19 is likely to affect India Inc. on various levels, due to domestic demand slowdown, global economic slowdown and lockouts, impact on the commodities, foreign exchange rate fluctuations and supply chain disruptions. While the Reserve Bank of India (RBI) has announced measures to ease the liquidity flows, most corporates, except the highly rated ones and the PSUs, are likely to witness ongoing funding challenges. Also, liquidity pressures are expected to intensify on account of delayed payments and the inability to liquidate inventory.

Consequently, the outlook on the rating business would depend, not only on the likely duration for which the economy is locked down but also on the measures the Government takes to support the economy and consequently the length and pace of recovery. In the event that the pace of recovery is slow, credit shocks and default rates above those experienced in recent cycles cannot be ruled out.

Financial Sector

The risk aversion towards NBFCs and HFCs extended into FY2020 as well, following defaults by a few. The investors remained cautious and preferred to invest primarily in debt issued by the NBFCs/HFCs that either belonged to the public sector or were backed by strong promoter groups. Accordingly, such NBFCs/HFCs continued to receive funding from debt capital markets, that too at competitive rates, while others had to rely primarily on bank funding besides portfolio sell-downs to raise resources. Overall, the assets under management of the NBFCs and the HFCs grew much slower in FY2020 consequent to the funding constraints. The bond as well as CP issuances by NBFCs and HFCs were lower during the year due to reduced risk appetite from investors coupled with the regulatory changes on investment norms for liquid mutual funds.

Going forward, the NBFCs and the HFCs would continue to raise funds to keep adequate liquidity buffer anticipating risks because of the pandemic- related issues, and also, to refinance existing debt or explore opportunistic growth avenues. The bond issuances for FY2021 should get some fillip with the Targeted Long-term Repo Operations (TLTRO) from the RBI as the banks must invest the funds mobilised in the debt capital market instruments. Till now, the beneficiaries are the issuers with either high rating or strong sponsors. Given the requirements of the NBFCs and the HFCs, they are expected to continue to account for a large proportion of the debt capital market issuance.

The public sector banks (PSBs) were expected to pursue better credit growth during FY2020 after recapitalisation, however, announcement of a merger among the few PSBs, slowing economic growth and increased risk aversion resulted in a muted credit growth. The private banks also remained cautious on lending amid slowing growth and emerging concerns on asset quality in the micro, small and medium enterprises (MSME) and retail segments. Despite slower credit growth during FY2020, the bond issuances of banks remained stable, driven by phasing out of Basel II debt capital instruments and increased refinancing demand from financial institutions like NABARD, SIDBI and NHB.

With expectations of muted bank credit growth of 6-7% for FY2021, the bond issuances from the banks are expected to remain muted, however, the refinancing demand is expected to drive steady bond issuances by financial institutions.



Directors' Report

Rating downgrades of some large issuers during FY2020 and increasing concerns on the credit quality of some issuers impacted the flows in various debt mutual fund schemes. Further, the regulatory changes on investment limits and marking to market of underlying investments adversely impacted flows into the debt schemes. As a result, assets under management (AUM) for debt schemes remained flat with a YoY growth of less than ~1% during FY2020. Your Company continues to enhance its presence in the Mutual Fund scheme ratings with additions of more schemes from the existing and new fund houses.

Structured Finance

The securitisation market remained buoyant during FY2020 with volumes reaching about Rs. 2 lakh crore for the fiscal as the NBFCs and the HFCs continued to rely heavily on securitisation for raising funds, and managing liquidity and the ALM mismatch. The year saw the emergence of more participants as newer originators and investors entered the market. The securitisation volumes would have been higher but for the emergence of the Covid-19 pandemic and the resulting disruptions caused in March 2020.

The securitisation market was further supported by the introduction of the partial credit guarantee (PCG) scheme by the Government of India (GoI) for PSBs in August 2019 for purchasing high-rated pooled assets from financially sound NBFCs and HFCs to infuse additional liquidity in the system. The scheme was initially offered for a six-month period, which has been extended to June 2020. In addition, the relaxation of the minimum holding period (MHP) criteria for long-tenure loans introduced by the RBI in FY2019 was extended for another six-month period beginning from January 2020, which also benefits the HFCs in the securitisation market.

In FY2020, your Company continued to maintain its position as a leading credit rating agency (CRA) in the structured finance segment. It witnessed a healthy increase in the number of fresh transactions rated / loss estimation reports prepared during the year. The number of originators that mandated your Company for a rating assignment or a loss estimation report increased in the year vis-à-vis the previous year, thus deepening your Company's presence in the market. Your Company remained a thought leader in the sector with thematic notes on the securitisation market and credit quality trends across asset classes.

The securitisation market is expected to witness a drop in volumes in FY2021 due to the nationwide lockdown following the pandemic that has resulted in moratoriums on loans being extended to retail borrowers and investors becoming cautious on certain asset classes. The muted growth in the books of the NBFCs and the HFCs would reduce the eligible assets available for sale which would also dampen the securitisation market. Volumes could again pick up from H2 of the fiscal as the NBFCs and HFCs would continue to depend on securitisation of their pooled loans to meet their funding requirements once disbursements start to pick up. Banks' appetite would be driven by the extent of the priority sector loan (PSL) shortfalls in the banking system. The increase in the purchase of non-PSL pooled loans is a healthy trend that is expected to continue and support issuance volumes. However, any significant traction in the priority sector loan certificates (PSLCs) market or widespread adoption of the loan co-origination framework by banks for sourcing PSL assets could restrict issuance volumes in the medium to long term.

Industry Research

The research initiative of your Company has received a good response and has been appreciated by various stakeholders in the marketplace. During the year 2019-20, lower research spends by the financial sector affected demand for ICRA's subscription-based products. Despite the challenging environment, the good quality of reports published has also helped in making further inroads across market segments and your Company has added many prominent entities as subscribers in the last year. Your Company continues to actively engage with the investor community by regularly holding interactive sessions on macro economy, industries and rating round-ups through its webinar series, thereby building a strong market franchise.

ICRA research has an ongoing coverage on 60+ industries and several sub-segments within the corporate sector and multiple sub-segments under the financial services and structured finance sectors.

ICRA Limited**Directors' Report*****Franchise Development***

Your Company continues to strengthen its franchise through periodic conferences, seminars, webinars and media activities aimed at promoting its visibility and brand strength. The credit-themed outreach programmes that were offered frequently through the year were very well received by the market participants – particularly, the series of webinars covering the Covid-19 related credit stress was appreciated for the coverage on various sectors.

Your Company continues to be at the forefront, in terms of share of voice, in the electronic and print media, through regular releases expressing our opinion on contemporary issues with credit significance.

Your Company continues to be a preferred partner to CNBC-TV18 in powering the Financial Advisor Awards. These awards have a strong franchise in the financial advisory and distribution community and are a matter of considerable pride for the winners.

Change in Nature of Business

During 2019-20, there was no change in the nature of business of your Company. Pursuant to the SEBI (Credit Rating Agencies) (Amendment) Regulations, 2018 along with its subsequent amendment(s) and clarifications issued by SEBI from time to time in this matter, a credit rating agency shall not carry out gradings and other related non-rating activities with effect from May 30, 2020. Accordingly, from this date, your Company does not accept any new business under these activities.

Subsidiary Companies (including step-down subsidiaries)

At the beginning of the year 2019-20, your Company had six subsidiaries, including one step-down subsidiary.

The Board of Directors of your Company had approved the merger of two of its wholly-owned subsidiaries - ICRA Management Consulting Services Limited, involved in consulting services, with and into ICRA Online Limited, involved in outsourcing and information services, subject to requisite approvals. Pursuant to the aforesaid approval, an amalgamation scheme had been filed for approval of the merger with the Hon'ble National Company Law Tribunals in Delhi and Kolkata.

During the year under review, the National Company Law Tribunal, New Delhi, and the National Company Law Tribunal, Kolkata, have sanctioned the scheme of amalgamation filed by ICRA Management Consulting Services Limited and ICRA Online Limited, respectively. Post the merger, the members of ICRA Online Limited approved the change in Company's name to 'ICRA Analytics Limited.'

Apart from the above, there has been no material change in the nature of the business of the subsidiaries.

As of March 31, 2020, your Company had the following subsidiaries, including the step-down subsidiary:

S. No.	Name of Subsidiary Companies	Category	Country of Incorporation
1.	ICRA Analytics Limited ^s	Subsidiary	India
2.	Pragati Development Consulting Services Limited	Step-down subsidiary	India
3.	PT. ICRA Indonesia*	Subsidiary	Indonesia
4.	ICRA Lanka Limited	Subsidiary	Sri Lanka
5.	ICRA Nepal Limited	Subsidiary	Nepal

^sFormerly known as ICRA Online Limited

*liquidation initiated by the Company



Directors' Report

Highlights of performance of subsidiary companies and their contribution to the overall performance of the Company during the year 2019-20 are provided in the Management Discussion and Analysis Report.

The consolidated financial statements of Group ICRA, consisting of ICRA Limited, its subsidiaries, including step-down subsidiary, for the year 2019-20, which form a part of the Annual Report, are attached. The Auditors' Report on the consolidated financial statements is also attached. In compliance with the relevant provisions of the Companies Act, 2013, a statement containing the brief financial details in Form AOC-1 as per Rule 5 of the Companies (Accounts) Rules, 2014, of the said subsidiaries, is annexed to the consolidated financial statements, prepared in accordance with the prescribed Accounting Standards.

As required under the provisions of Section 136 (1) of the Companies Act, 2013, the financial statements, including consolidated financial statements and other documents required to be attached thereto, have been uploaded on the Company's website, www.icra.in. Further, your Company has also uploaded on its website the audited financial statements of each subsidiary company.

Branches of the Company

Your Company operates its business from its offices in New Delhi, Gurugram, Mumbai, Kolkata, Chennai, Ahmedabad, Bengaluru, Hyderabad, and Pune.

Board Meetings Held During the Year

During the year, 12 meetings of the Board of Directors were held. The details of the meetings are furnished in the Corporate Governance Report attached as Annexure-III to this Report. The Company has complied with secretarial standards issued by the Institute of Company Secretaries of India on Board meetings and Annual General Meetings.

Human Resource Development & Training

Human resources continued to provide a variety of training & development opportunities in the year under review with an aim to build employee capacity to meet strategic needs and align with the Company's strategic plan and overall mission.

A fundamental belief of our management philosophy is to invest in our employees and enable them to develop new skills and capabilities which benefit them as well as the Company. A variety of training and development programmes were provided in areas of functional and behavioural skills, team building and development on women leadership with emphasis placed on improving skill, competency and knowledge. To ensure managerial effectiveness, we launched MILES – A managerial Interpersonal effectiveness programme. It provides an opportunity to employees to understand themselves better, leading to self-awareness and thereby an improvement of their people management styles.

New hires go through a systematic on-boarding programme, designed to equip them adequately with the right skills and competencies to achieve their best potential. Apart from this, all employees including the new hires, are trained online on the Code of Business Conduct, Conflict of Interest, Anti-Bribery & Corruption, Prevention of Sexual Harassment at Workplace & Information Security.

ICRA continues to focus on building a strong talent pipeline across levels through regular in-house functional trainings, Blue Sky sessions, Intuition online learning platform, and external programmes. Developing and strengthening capabilities of all employees has remained an ongoing priority. Deserving employees, who demonstrate high performance and potential, are awarded challenging assignments and higher responsibilities. They are provided adequate training and coaching to prepare them towards the same.

The Company's talent management strategy is focused on building leaders of tomorrow. We invest through world class leadership development programmes to build the talent bank in the organisation. The Company has a robust talent review programme and ensures a succession plan towards critical positions, annually.

ICRA Limited

Directors' Report

There is a harmonious relationship between the employees and the management of your Company. The consultative and participative management style of your Company has facilitated the achievement of its corporate goals. The employee morale has been high, resulting in a positive contribution to your Company's progress.

Employees Stock Option Scheme (ESOS)

The members of your Company in the Annual General Meeting held on August 9, 2018, by passing a special resolution adopted a new scheme called the Employees Stock Option Scheme 2018 ('**ESOS 2018**'), under which an aggregate of 31,950 stock options were proposed to be granted. Permanent employees (excluding promoters and Independent Directors) of your Company and its subsidiaries are eligible to participate in the ESOS 2018. An estimated 31,950 stock options (shares of which are with the ICRA Employees Welfare Trust) may be granted under the ESOS 2018.

The disclosures in terms of Regulation 14 of the SEBI (Share-based Employee Benefits) Regulations, 2014 read with Circular No CIR/CFD/POLICY CELL/2/2015, dated June 16, 2015, issued by SEBI, are available on the Company's website; the web-link for the same is:

[https://www.icra.in/InvestorRelation>ShowCorpGovernanceReport/?Id=27&Title=Corporate%20Governance&Report=Disclosure%20by%20Board%20of%20Directors%20\(ESOP\)_2018_March.pdf](https://www.icra.in/InvestorRelation>ShowCorpGovernanceReport/?Id=27&Title=Corporate%20Governance&Report=Disclosure%20by%20Board%20of%20Directors%20(ESOP)_2018_March.pdf)

Particulars of Employees

The disclosure under the provisions of Section 197(12) of the Companies Act, 2013, regarding the ratio of the remuneration of each Director to the median employee's remuneration and such other details as specified in Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to the Directors' Report (Annexure I). A statement showing the names of the top ten employees in terms of remuneration drawn and other particulars of the employees drawing remuneration in excess of the limits set out in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as well as the names and other particulars of every employee covered under the rule, are available at the registered office of the Company, and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished without any fee.

With regard to the provisions of Section 136(1) of the Companies Act, 2013, the Directors' Report, excluding the information provided in compliance with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is being sent to the members of the Company.

Extract of the Annual Return

An extract of the Annual Return in Form No. MGT 9, as per Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014, is annexed with this report (Annexure II).

Corporate Governance

The report of the Board of Directors of your Company on Corporate Governance is presented as a separate section (Annexure III) titled Corporate Governance Report, which forms a part of the Annual Report.

The composition of the Board, the Audit Committee, the Nomination and Remuneration Committee, the Stakeholders Relationship Committee, the Corporate Social Responsibility Committee and other committees of the Board, the number of meetings of the Board and committees of the Board, and other matters are presented in the Corporate Governance Report.

The certificate of the Statutory Auditors of your Company regarding compliance with the Corporate Governance requirements as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') is annexed to the Directors' Report.



Directors' Report

Your Company has obtained a certificate from a practicing company secretary that none of the Directors on the Board of your Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority.

Management Discussion & Analysis

The Management Discussion and Analysis is annexed to the Annual Report (Annexure IV).

Insider Trading Regulations

Based on the requirements under the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Code of Conduct for prevention of insider trading is in force in your Company. The Board of Directors of the Company has adopted the Code of Practises and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, the policy for determination of legitimate purposes, and policy for enquiry in case of the leak of unpublished price sensitive information in compliance with the said regulations and the same have been uploaded on the Company website.

Material Changes and Commitments

No material changes and commitments that would affect the financial position of the Company have occurred between the end of the financial year to which the attached financial statements relate and the date of this report. Further, as per the disclosure required under Section 134 of the Companies Act, 2013 read with Rule 8(5) of Companies (Accounts) Rules, 2014, no significant and material orders have been passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

Share Capital

As on March 31, 2020, the Company's issued, subscribed and paid-up equity share capital, stood at Rs. 9,65,12,310 (Nine Crore Sixty-Five Lakh Twelve Thousand Three Hundred and Ten Only) divided into 96,51,231 equity shares of Rs. 10/- each.

Conservation of Energy, Technology Absorption, and Foreign Exchange Earnings and Expenditure

As your Company is not involved in any manufacturing activity, the particulars relating to conservation of energy and technology absorption, as mentioned in the Companies (Accounts) Rules, 2014, are not applicable to it. However, emphasis is placed on the 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 the financial statements.

Update Regarding Certain Ongoing Matters

First, in respect of an adjudication proceeding ('Adjudication Proceeding') initiated by the Securities and Exchange Board of India (SEBI) in relation to the credit ratings assigned to one of the Company's customers and the customer's subsidiaries, SEBI issued an order imposing a penalty of Rs. 25 lakh under Section 15HB of the SEBI Act, 1992 on the Company. Further, SEBI issued a Show Cause Notice ('SCN') for enhancement of the penalty amount. The Company has filed an appeal challenging the adjudication order before the Securities Appellate Tribunal (the 'SAT') and deposited the penalty amount of Rs. 25 lakh without prejudice to such appeal. The said appeal is pending before the SAT. The Company has made adequate provision in this regard. The Company has also been cooperating with Government agencies and responding to their queries in relation to this matter.

Second, the Board of Directors ('Board') had appointed external experts to examine and report on anonymous representations making certain allegations against two former officials which were forwarded to the Company by SEBI ('Representations'). During the examination of the aforesaid Representations, certain counter allegations were made by one of the two former officials, for which the Board appointed a second set of external experts, to examine such allegations.

ICRA Limited

Directors' Report

The external experts examining the Representations have concluded their examination and the findings indicate that the conduct of the aforesaid officials was not in conformity with certain applicable regulations and Company policies relating to credit rating activities. The aforesaid officials are no longer in the employment of the Company.

The external experts have expressed that no evidence was found suggesting ex-facie that the ratings examined as part of the examination were inflated (i.e. were unsupported by ratings analysis). Further, as per external experts, this is subject to the limitation that the determination of whether or not any ratings are supported by ratings analysis is a qualitative technical matter that was beyond the scope of the examination, as the examination was not aimed at reviewing the appropriateness of rating opinions on merits.

The findings of the second set of external experts do not indicate any material deficiencies with applicable regulations and Company policies.

The findings of the external experts have been presented to the Board members. The Board is in the process of taking appropriate steps in the best interest of the Company and its various stakeholders with regard to the outcome of the examination.

Third, the Company directly received another anonymous representation during the year ended March 31, 2020 against certain of its existing officials and the examination thereof is in progress.

Fourth, the Company had received a letter from SEBI seeking comments on observations made in the interim report dated July 15, 2019 prepared by Grant Thornton India LLP, which was commissioned by the IL&FS Group. The Company had submitted its responses to SEBI on such observations dated August 14, 2019. There has been no further development in this matter.

While the Company has made a provision for penalty on a best estimate basis with regard to the Adjudication Proceeding, the impact of the uncertainties arising from the above matters is currently unascertainable. However, based on the legal opinions given by reputed external counsels, the Company does not foresee an action from the regulator(s) that could adversely affect the functioning of the Company.

Directors and Key Managerial Personnel

During 2019-20, Mr. David Brent Platt was appointed as Additional Director effective from April 30, 2019. The Members of the Company at the Annual General Meeting held on September 28, 2019 approved the appointment of Mr. David Brent Platt as Non-Executive Non-Independent Director of the Company, effective from September 28, 2019.

The members of the Company also approved the following re-appointments in the Annual General Meeting held on September 28, 2019 by passing special resolutions:

- i. Mr. Arun Duggal as an Independent Director for a second term of five years, effective from November 11, 2019;
- ii. Ms. Ranjana Agarwal as an Independent Director for a second term of five years, effective from November 11, 2019;
- iii. Ms. Radhika Vijay Haribhakti as an Independent Director for a second term of five years, effective from December 4, 2019.

During the year under review, Mr. Navneet Agarwal, Non-Executive, Non-Independent Director of your Company, resigned from the Board of your Company, inclusive of membership in any and all committees of the Board. The resignation of Mr. Navneet Agarwal was effective from October 25, 2019. The Board places on record its appreciation for his valuable contribution and guidance.

The Board of Directors of your Company appointed Mr. Michael Foley as an Additional Director of your Company under the category of Non-Executive Non-Independent. Mr. Foley's appointment is effective from October 25, 2019. The Nomination and Remuneration Committee and the Board of your Company recommend appointment of Mr. Foley under the category of Non-Executive Non-Independent Director, liable to retire by rotation.



Directors' Report

Further, the Board of Directors of your Company appointed Mr. Amit Kumar Gupta as an Additional Director, Whole-time Director of your Company. Mr. Gupta's appointment is effective from February 7, 2020. The Nomination and Remuneration Committee and the Board of your Company recommend the appointment of Mr. Gupta as a Whole-time Director.

Both the appointments made during the year are subject to approval by the Members of the Company at the forthcoming Annual General Meeting. The resolutions seeking Mr. Foley's and Mr. Gupta's appointment as Directors have been included in the Agenda of the Annual General Meeting.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, and the Articles of Association of your Company, Mr. Thomas John Keller Jr. is due to retire by rotation, and being eligible, has offered himself for reappointment.

Proposals for the above appointments/re-appointment forms a part of the Agenda for the forthcoming Annual General Meeting and the resolutions are recommended for your approval. The profiles of Mr. Foley, Mr. Gupta and Mr. Keller are presented in the Notice of the 29th Annual General Meeting, as required under the Companies Act, 2013, and the Listing Regulations.

On July 1, 2019, the Board of Directors of your Company passed a resolution to place Mr. Naresh Takkar, erstwhile Managing Director and Group CEO, on administrative leave, with immediate effect until further notice. Thereafter, the Board of Directors in its meeting held on August 29, 2019, after due consideration and taking into account the best interests of the Company and its various stakeholders, decided to terminate the employment of Mr. Naresh Takkar as Managing Director and Group CEO of ICRA, effective immediately.

Pursuant to the disclosures made by the Company to the stock exchanges on August 29, 2019 in this regard, the Company received a special notice dated August 29, 2019, in accordance with Section 115 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder from its shareholder, Moody's Singapore Pte Ltd, identified as a promoter of the Company under the stock exchange disclosures ('Promoter Shareholder' and such notice, the 'Special Notice'). As on the date of this Notice, the Promoter Shareholder was holding, 1,949,722 equity shares of the Company representing 20.20% of the voting capital of the Company. The Promoter Shareholder had, pursuant to the Special Notice and in recognition of the legal rights vested in it as a shareholder of the Company, requested to include an additional agenda at the general meeting of the Members of the Company for removal of Mr. Naresh Takkar as Director of the Company.

The Promoter Shareholder noted in the Special Notice that Mr. Naresh Takkar was appointed on the Board of the Company in line with his significant role in the management of the ICRA group on account of his position as the Managing Director & CEO of the Company as well as the Group CEO of the ICRA Group. Accordingly, given the termination of his employment by the Board in its meeting dated August 29, 2019, the Promoter Shareholder, had, by way of the Special Notice, proposed the removal of Mr. Naresh Takkar from the office of Director of the Company, since he no longer had any existing relationship with the Company.

Thereafter, the Members of the Company at the Annual General Meeting held on September 28, 2019 approved the proposal for removal of Mr. Naresh Takkar as Director of the Company, by passing an ordinary resolution.

During the year under review, the Board of Directors of your Company had appointed Group Chief Financial Officer (Group CFO), Mr. Vipul Agarwal, as Interim Chief Operating Officer of the Company, effective from July 1, 2019. Mr. Agarwal assumed responsibility for the day-to-day operations of your Company, during Mr. Takkar's period of leave and post his removal, and reports to the Board of Directors. Mr. Agarwal continues to hold his position as the Group CFO.

The Board of Directors of the Company in its meeting held on July 28, 2020 appointed Mr. N. Sivaraman as Managing Director & CEO of the Company and CEO of ICRA Group ("Managing Director & Group CEO") for a period of 3 years, effective from August 10, 2020, under the provisions of Sections 196, 197, 198 and 203 read with Schedule V of the Companies Act, 2013 and the rules made there under, as approved by the Nomination and Remuneration Committee of the Company, subject to approval of the members of the Company.

ICRA Limited

Directors' Report

The resolution seeking Mr. N. Sivaraman's appointment has been included in the Agenda of the 29th Annual General Meeting. The profile of Mr. N. Sivaraman is presented in the Notice of the 29th Annual General Meeting, as required under the Companies Act, 2013, and the Listing Regulations.

Except Ms. Ranjana Agarwal who is serving as an Independent Director on the Board of ICRA Analytics Limited, an unlisted material subsidiary of the Company, and who receives remuneration by way of commission, no other Directors are in receipt of any remuneration or commission from any of the subsidiaries of the Company.

Independent Directors' Declaration

Pursuant to the provisions of Section 149(7) of the Companies Act, 2013 read with Schedule IV of Companies Act, 2013, the independent directors have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 along with rules made thereunder and Regulation 16(1)(b) of the Listing Regulations. There has been no change in the circumstances affecting their status as independent directors of the Company. The following Non-Executive Directors of the Company are independent in terms of Section 149(6) of the Companies Act, 2013, and the Listing Regulations:

1. Mr. Arun Duggal
2. Ms. Ranjana Agarwal
3. Ms. Radhika Vijay Haribhakti

Directors' Responsibility Statement

As required under the provisions contained in Section 134 of the Companies Act, 2013, your Directors hereby confirm that:

- (i) in the preparation of the Annual Accounts for the year ended March 31, 2020, the applicable accounting standards have been followed and there are no material departures from the same;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent 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 and loss 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, 2013, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- (iv) the Directors had prepared the Annual Accounts on a going concern basis;
- (v) except for the matters referenced in the adverse opinion, made by the Statutory Auditors of the Company, on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013, the Directors had laid down the internal financial controls, followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Policy on Directors' Appointment

The Nomination and Remuneration Committee works with the Board to determine the appropriate characteristics, skill and experience that are required of the members of the Board. The members of the Board should possess the expertise, skills and experience needed to manage and guide the Company in the right direction and to create value for all stakeholders. The members of the Board will need to consist of eminent persons of proven competency and integrity with an established track



Directors' Report

record. Besides having financial literacy, experience, leadership qualities and the ability to think strategically, the members are required to have a significant degree of commitment to the Company and should devote adequate time in preparing for the Board meeting and attending the same. The members of the Board of Directors are required to possess the education, expertise, skills and experience in various sectors and industries needed to manage and guide the Company. The members are also required to look at strategic planning and policy formulations.

The members of the Board should not be related to any executive or independent director of the Company or any of its subsidiaries. They are not expected to hold any executive or independent positions in any entity that is in direct competition with the Company. Board members are expected to attend and participate in the meetings of the Board and its Committees, as relevant. They are also expected to ensure that their other commitments do not interfere with the responsibilities they have by virtue of being a member of the Board of the Company. While reappointing Directors on the Board and Committees of the Board, the contribution and attendance record of the concerned Director shall be considered in respect of such reappointment. Each Independent Director shall hold office as a member of the Board for a maximum term as per the provisions of the Companies Act, 2013 and the rules made thereunder, in this regard from time to time, and in accordance with the provisions of the Listing Regulations. The appointment of the Directors shall be formalised through a letter of appointment.

The Executive Directors, with the prior approval of the Board, may serve on the Board of any other entity if there is no conflict of interest with the Company's business.

Board and Directors' Performance Evaluation

The Board of Directors of the Company, based on the recommendations of the Nomination and Remuneration Committee, has formulated a Board and Directors' Performance Evaluation Policy, thereby setting out the performance evaluation criteria for the Board and its Committees and each Directors' performance, including the Chairman of the Company.

Your Company's Board had undertaken a formal performance evaluation in a comprehensive and structured manner as a part of the strengthening exercise. Based on the recommendations of the Nomination and Remuneration Committee, the Board has adopted a process of receiving anonymous feedback and discussing the same at the meeting to ensure the Directors' collective participation and meaningful discussion over the performance of the Board, its Committees, individual Directors and Chairperson of the Board.

Your Company's Board believes that trust in the evaluation process and its confidentiality is critical for the success of the evaluation exercise, therefore, the Board encourages fair and transparent evaluations and maintains anonymity of those providing the feedback.

During the evaluation process, various suggestions were made by individual Board members to further enhance the effectiveness of your Company's Board. The results of the feedback were discussed with the Board and its respective committee members. Individual feedback was shared by the Chairman with each Board member separately.

The Board of Directors of the Company believes that the effectiveness of its governance framework can continue to be improved through periodic evaluation of the functioning of the Board as a whole, its committees and individual directors' performance evaluation.

The Board of Directors acknowledges that Independent Directors on the Board have integrity and possess expertise and experience, including proficiency.

Auditors

M/s. B S R & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of your Company, at the 28th Annual General Meeting to hold office until the conclusion of the 33rd Annual General Meeting. As per the explanatory statement circulated to the members along with the notice of the Annual General Meeting, the annual fee for the financial year ending March 31, 2020 was proposed at 47,00,000 (Rupees Forty-Seven Lakh only), plus out of pocket expenses and taxes at the applicable rates, for the purpose of the statutory audit of the Company.

ICRA Limited

Directors' Report

It was mentioned in the notice of the Annual General Meeting, that the Board of Directors and the Audit Committee shall be given the power to alter and vary the terms and conditions arising out of increase in scope of work, amendment in Auditing Standards or regulations and such other requirements resulting in change in scope of work. Any such change in the terms and conditions of appointment and remuneration of Statutory Auditors would be intimated in the Directors' Report of the Company in the relevant year. The Board of Directors, based on the claim received from Statutory Auditors regarding incremental efforts incurred by them on the ongoing regulatory matters, approved additional fee of Rs. 2.02 crore.

Comments on Auditors' Report

The Statutory Auditors have, in their report to the Members of the Company on the standalone and consolidated financial statements of the Company, made the following qualifications:

Extract of Qualification of Audit Reports (standalone and consolidated):

The Company is in the process of addressing certain ongoing matters.

First, in respect of an adjudication proceeding ('Adjudication Proceeding') initiated by the Securities and Exchange Board of India ('SEBI') in relation to the credit ratings assigned to one of the Company's customers and the customer's subsidiaries, SEBI issued an order imposing a penalty of INR 25 lakh under section 15HB of the SEBI Act, 1992 on the Company. Further, SEBI issued a Show Cause Notice ('SCN') for enhancement of the penalty amount. The Company has filed an appeal challenging the adjudication order before the Securities Appellate Tribunal (the 'SAT') and deposited the penalty amount of INR 25 lakh without prejudice to such appeal. The said appeal is pending before the SAT. The Company has also been cooperating with the Government agencies and responding to their queries in relation to this matter.

Second, the Board of Directors ('Board') had appointed external experts to examine and report on anonymous representations making certain allegations against two former officials, which were forwarded to the Company by SEBI ('Representations'). During the examination of the aforesaid Representations, certain counter allegations were made by one of the two former officials, for which the Board appointed a second set of external experts to examine such allegations.

Based on our sighting and briefing of the findings of the external experts, the findings indicate that the conduct of the aforesaid officials was not in conformity with certain applicable regulations and Company policies relating to credit rating activities. The aforesaid officials are no longer in the employment of the Company. The external experts have expressed that no evidence was found suggesting ex-facie that the ratings examined as part of the examination were inflated (i.e. were unsupported by ratings analysis). Further, as per external experts, this is subject to the limitation that the determination of whether or not any ratings are supported by ratings analysis, is a qualitative technical matter that was beyond the scope of the examination as the examination was not aimed at reviewing the appropriateness of rating opinions on merits.

Based on our sighting and briefing of the findings of the second set of external experts, the findings do not indicate any material deficiencies with applicable regulations and Company policies.

The findings of the external experts have been presented to the Board members. As informed to us, the Board is in the process of taking steps with regard to the outcome of the examinations.

Third, the Company directly received another anonymous representation during the year ended March 31, 2020 against certain of its existing officials and the examination thereof is in progress.

Fourth, the Company had received a letter from SEBI seeking comments on observations made in the interim report dated July 15, 2019 prepared by Grant Thornton India LLP, which was commissioned by the IL&FS Group. As informed to us, the Company had submitted its responses to SEBI on such observations dated August 14, 2019 and there has been no further development in this matter.



Directors' Report

While the Company has made a provision for penalty on a best estimate basis with regard to the Adjudication Proceeding, the impact of uncertainties arising from SEBI's powers against non-compliances of aforesaid regulatory framework and other matters stated above are currently unascertainable. Consequently, we are unable to estimate the impact, if any, that may result from a conclusion of these matters or any related inquiry, on the Standalone/Consolidated Financial Statements for the year ended March 31, 2020.

Director's response to comments of the statutory auditors in the Audit Report:

In this regard we wish to submit that based on the legal opinions given by reputed external counsels, the Company does not foresee an action from the regulator(s) that could adversely affect the functioning of the Company. The Company has made a provision for penalty on a best estimate basis with regard to the Adjudication Proceeding, the impact of the uncertainties arising from the above matters is currently unascertainable. For further details, please refer to the disclosures pertaining to certain ongoing matters, as provided under '*Update regarding certain ongoing matters*' of this Report of the Board of Directors, which are self-explanatory, therefore, no additional comments are required.

Extract of report on the Internal Financial Controls:

Because of the effects/possible effects of the material weaknesses described below on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls with reference to Standalone/Consolidated Financial Statements and such internal financial controls over financial reporting were not operating effectively as at 31 March 2020, based on the internal financial controls with reference to Standalone/Consolidated Financial Statements criteria established by the Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

We have considered the material weaknesses identified and reported below in determining the nature, timing, and extent of audit tests applied in our audit of the Standalone/Consolidated Financial Statements of the Company for the year ended March 31, 2020 and the material weaknesses have affected our opinion on the said Standalone/Consolidated Financial Statements and we have issued a qualified opinion on the said Standalone/Consolidated Financial Statements.

As explained inter-alia in the "Basis for Qualified Opinion" section of our Audit Report on the Standalone/Consolidated Financial Statements for the year ended March 31, 2020, pursuant to examinations by the external experts appointed by the Board of Directors of the Company of anonymous representations received by the Company, non-compliances of certain applicable regulations and Company policies relating to credit rating activities, including override of certain internal controls by senior management officials, have been identified, which indicates that the control environment was ineffective as at March 31, 2020. This could potentially result in legal/ penal implications for the Company. The Company is in the process of undertaking remedial steps over a defined period of time towards strengthening its control environment. Pending the outcome of the aforesaid non-compliances and conclusion of certain other ongoing matters, the completeness of identification of control deficiencies cannot be ascertained.

Director's response to comments of the Statutory Auditors on the internal financial controls in the Audit Report:

In this regard we wish to submit that based on the legal opinions given by reputed external counsels, the Company does not foresee an action from the regulator(s) that could adversely affect the functioning of the Company. The Company has made a provision for penalty on a best estimate basis with regard to the Adjudication Proceeding, the impact of the uncertainties arising from the above matters is currently unascertainable. For further details, please refer to the disclosures pertaining to certain ongoing matters, as provided under '*Update regarding certain ongoing matters*' of this Report of the Board of Directors, which are self-explanatory, therefore, no additional comments are required.

The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review. In their report, the Statutory Auditors have stated as follows:

ICRA Limited

Directors' Report

According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year. However, attention is invited to "Basis for Qualified Opinion" section of our Audit Report on the Standalone Financial Statements for the year ended 31 March 2020, which deals with certain ongoing matters. The consequences (if any) which may arise in the future upon conclusion of such ongoing matters have not been considered for reporting under this clause.

Extracts of the statement on impact of audit qualifications (standalone and consolidated) are as under:

I. Statement on Impact of Audit Qualifications for the financial year ended March 31, 2020 on the Annual Audited Financial Results - (Standalone)

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Rupees in lakh, except per share data)			
Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
1.	Turnover / Total income	24,835.66	24,835.66
2.	Total Expenditure	15,630.46	15,630.46
3.	Net Profit/(Loss)&	6,497.98	6,497.98
4.	Earnings Per Share*	67.55	67.55
5.	Total Assets	68,389.31	68,389.31
6.	Total Liabilities	10,136.27	10,136.27
7.	Net Worth	58,253.04	58,253.04
8.	Any other financial item(s) (as felt appropriate by the management)	Not applicable	Not applicable

& PAT before comprehensive gain/(loss)

* Earnings Per Share (Rs.) (Basic)

II. Audit Qualification (each audit qualification separately):

1 Report on the Audit of the Standalone Financial Results

Attention is drawn to note 7 of the Standalone Annual Financial Results, wherein it is explained that the Company is in the process of addressing certain ongoing matters.

First, in respect of an adjudication proceeding ('Adjudication Proceeding') initiated by the Securities and Exchange Board of India ('SEBI') in relation to the credit ratings assigned to one of the Company's customers and the customer's subsidiaries, SEBI issued an order imposing a penalty of INR 25 lakh under section 15HB of the SEBI Act, 1992 on the Company. Further, SEBI issued a Show Cause Notice ('SCN') for enhancement of penalty amount. The Company has filed an appeal challenging the adjudication order before the Securities Appellate Tribunal (the 'SAT') and deposited the penalty amount of INR 25 lakh without prejudice to such appeal. The said appeal is pending before the SAT. The Company has also been cooperating with government agencies and responding to their queries in relation to this matter.

Second, the Board of Directors ('Board') had appointed external experts to examine and report on anonymous representations making certain allegations against two former officials, which were forwarded to the Company by SEBI ('Representations'). During the examination of the aforesaid Representations, certain counter allegations were made by one of the two former officials, for which the Board appointed a second set of external experts to examine such allegations.



Directors' Report

	<p>Based on our sighting and briefing of the findings of the external experts, the findings indicate that the conduct of the aforesaid officials was not in conformity with certain applicable regulations and Company policies relating to credit rating activities. The aforesaid officials are no longer in the employment of the Company. The external experts have expressed that no evidence was found suggesting ex-facie that the ratings examined as part of the examination were inflated (i.e. were unsupported by ratings analysis). Further, as per external experts, this is subject to the limitation that the determination of whether or not any ratings are supported by ratings analysis, is a qualitative technical matter that was beyond the scope of the examination as the examination was not aimed at reviewing the appropriateness of rating opinions on merits.</p> <p>Based on our sighting and briefing of the findings of the second set of external experts, the findings do not indicate any material deficiencies with applicable regulations and Company policies.</p> <p>The findings of the external experts have been presented to the Board members. As informed to us, the Board is in the process of taking steps with regard to the outcome of the examinations.</p> <p>Third, the Company directly received another anonymous representation during the year ended March 31, 2020 against certain of its existing officials and the examination thereof is in progress.</p> <p>Fourth, the Company had received a letter from SEBI seeking comments on observations made in the interim report dated July 15, 2019 prepared by Grant Thornton India LLP, which was commissioned by the IL&FS group. As informed to us, the Company had submitted its responses to SEBI on such observations dated August 14, 2019 and there has been no further development in this matter.</p> <p>While the Company has made a provision for penalty on a best estimate basis with regard to the Adjudication Proceeding, the impact of uncertainties arising from SEBI's powers against non-compliances of aforesaid regulatory framework and other matters stated above are currently unascertainable. Consequently, we are unable to estimate the impact, if any, that may result from a conclusion of these matters or any related inquiry, on the Standalone Annual Financial Results for the year ended March 31, 2020.</p>
A	Type of Audit Qualification: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion
B	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing
C	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not applicable
D	For Audit Qualification(s) where the impact is not quantified by the auditor: (i) Management's estimation on the impact of audit qualification: Not applicable
	(ii) If management is unable to estimate the impact, reasons for the same: While the Company has made a provision for penalty on a best estimate basis with regards to the Adjudication Proceeding, the impact of uncertainties arising from the above matters is currently unascertainable. However, based on the legal opinions given by the reputed external counsels, the Company does not foresee an action from the regulator(s) that could adversely affect the functioning of the Company.

ICRA Limited**Directors' Report**

	Auditors' Comments on (i) or (ii) above:	While the Company has made a provision for penalty on a best estimate basis with regard to the Adjudication Proceeding, the impact of uncertainties arising from SEBI's powers against non-compliances of aforesaid regulatory framework and other matters stated above are currently unascertainable. Consequently, we are unable to estimate the impact, if any, that may result from a conclusion of these matters or any related inquiry, on the Standalone Annual Financial Results for the year ended 31 March 2020.
2	Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013	<p>Because of the effects/possible effects of the material weaknesses described below on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls with reference to Standalone Financial Statements and such internal financial controls over financial reporting were not operating effectively as at 31 March 2020, based on the internal financial controls with reference to Standalone Financial Statements criteria established by the Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').</p> <p>We have considered the material weaknesses identified and reported below in determining the nature, timing, and extent of audit tests applied in our audit of the Standalone Financial Statements of the Company for the year ended March 31, 2020 and the material weaknesses have affected our opinion on the said Standalone Financial Statements and we have issued a qualified opinion on the said Standalone Financial Statements.</p> <p>As explained inter-alia in the 'Basis for Qualified Opinion' section of our Audit Report on the Standalone Financial Statements for the year ended 31 March 2020, pursuant to examinations by the external experts appointed by the Board of Directors of the Company of anonymous representations received by the Company, non-compliances of certain applicable regulations and Company policies relating to credit rating activities, including override of certain internal controls by senior management officials, have been identified, which indicates that the control environment was ineffective as on March 31, 2020. This could potentially result in legal/ penal implications for the Company. The Company is in the process of undertaking remedial steps over a defined period of time towards strengthening its control environment. Pending the outcome of aforesaid non-compliances and conclusion of certain other ongoing matters, the completeness of identification of control deficiencies cannot be ascertained.</p> <p>A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.</p>
A	Type of Audit Qualification: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Adverse Opinion
B	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	First time
C	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not applicable



Directors' Report

D For Audit Qualification(s) where the impact is not quantified by the auditor:	
(i) Management's estimation on the impact of audit qualification:	Not applicable
(ii) If management is unable to estimate the impact, reasons for the same:	While the Company has made a provision for penalty on a best estimate basis with regards to the Adjudication Proceeding, the impact of uncertainties arising from the above matters is currently unascertainable. However, based on the legal opinions given by the reputed external counsels, the Company does not foresee an action from the regulator(s) that could adversely affect the functioning of the Company.
Auditors' Comments on (i) or (ii) above:	Pending the outcome of aforesaid non-compliances and conclusion of certain other ongoing matter, the completeness of identification of control deficiencies cannot be ascertained.

I. Statement on Impact of Audit Qualifications for the financial year ended March 31, 2020 on the Annual Audited Financial Results - (Consolidated)

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Rupees in lakh, except per share data)

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
1.	Turnover / Total income	36,905.59	36,905.59
2.	Total Expenditure	23,758.00	23,758.00
3.	Net Profit/(Loss) ^{&}	9,723.77	9,723.77
4.	Earnings Per Share*	99.98	99.98
5.	Total Assets	84,552.83	84,552.83
6.	Total Liabilities	14,132.78	14,132.78
7.	Net Worth	70,420.05	70,420.05
8.	Any other financial item(s) (as felt appropriate by the management)	Not applicable	Not applicable

[&] PAT before comprehensive gain/(loss)

* Earnings Per Share (Rs.) (Basic)

ICRA Limited**Directors' Report****II. Audit Qualification (each audit qualification separately):**

1	Report on the Audit of the Consolidated Financial Results
	<p>Attention is drawn to note 6 of the Consolidated Annual Financial Results, wherein it is explained that the Company is in the process of addressing certain ongoing matters.</p> <p>First, in respect of an adjudication proceeding ("Adjudication Proceeding") initiated by the Securities and Exchange Board of India ("SEBI") in relation to the credit ratings assigned to one of the Company's customers and the customer's subsidiaries, SEBI issued an order imposing a penalty of INR 25 lakh under section 15HB of the SEBI Act, 1992 on the Company. Further, SEBI issued a Show Cause Notice ("SCN") for enhancement of penalty amount. The Company has filed an appeal challenging the adjudication order before the Securities Appellate Tribunal (the "SAT") and deposited the penalty amount of INR 25 lakh without prejudice to such appeal. The said appeal is pending before the SAT. The Company has also been cooperating with government agencies and responding to their queries in relation to this matter.</p> <p>Second, the Board of Directors ("Board") had appointed external experts to examine and report on anonymous representations making certain allegations against two former officials, which were forwarded to the Company by SEBI ("Representations"). During the examination of the aforesaid Representations, certain counter allegations were made by one of the two former officials, for which the Board appointed a second set of external experts to examine such allegations.</p> <p>Based on our sighting and briefing of the findings of the external experts, the findings indicate that the conduct of the aforesaid officials was not in conformity with certain applicable regulations and Company policies relating to credit rating activities. The aforesaid officials are no longer in the employment of the Company. The external experts have expressed that no evidence was found suggesting ex-facie that the ratings examined as part of the examination were inflated (i.e. were unsupported by ratings analysis). Further, as per external experts, this is subject to the limitation that the determination of whether or not any ratings are supported by ratings analysis, is a qualitative technical matter that was beyond the scope of the examination as the examination was not aimed at reviewing the appropriateness of rating opinions on merits.</p> <p>Based on our sighting and briefing of the findings of the second set of external experts, the findings do not indicate any material deficiencies with applicable regulations and Company policies.</p> <p>The findings of the external experts have been presented to the Board members. As informed to us, the Board is in the process of taking steps with regard to the outcome of the examinations.</p> <p>Third, the Company directly received another anonymous representation during the year ended 31 March 2020 against certain of its existing officials and the examination thereof is in progress.</p> <p>Fourth, the Company had received a letter from SEBI seeking comments on observations made in the interim report dated July 15, 2019 prepared by Grant Thornton India LLP, which was commissioned by the IL&FS group. As informed to us, the Company had submitted its responses to SEBI on such observations dated 14 August 2019 and there has been no further development in this matter.</p> <p>While the Company has made a provision for penalty on a best estimate basis with regard to the Adjudication Proceeding, the impact of uncertainties arising from SEBI's powers against non-compliances of aforesaid regulatory framework and other matters stated above are currently unascertainable. Consequently, we are unable to estimate the impact, if any, that may result from a conclusion of these matters or any related inquiry, on the Consolidated Annual Financial Results for the year ended 31 March 2020.</p>



Directors' Report

A	Type of Audit Qualification: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion
B	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	First time
C	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not applicable
D	For Audit Qualification(s) where the impact is not quantified by the auditor: (i) Management's estimation on the impact of audit qualification:	Not applicable
	(ii) If management is unable to estimate the impact, reasons for the same:	While the Company has made a provision for penalty on a best estimate basis with regards to the Adjudication Proceeding, the impact of uncertainties arising from the above matters is currently unascertainable. However, based on the legal opinions given by the reputed external counsels, the Company does not foresee an action from the regulator(s) that could adversely affect the functioning of the Company.
	Auditors' Comments on (i) or (ii) above:	While the Company has made a provision for penalty on a best estimate basis with regard to the Adjudication Proceeding, the impact of uncertainties arising from SEBI's powers against non-compliances of aforesaid regulatory framework and other matters stated above are currently unascertainable. Consequently, we are unable to estimate the impact, if any, that may result from a conclusion of these matters or any related inquiry, on the Consolidated Annual Financial Results for the year ended 31 March 2020.
2	Report on the Internal Financial Controls with reference to the aforesaid Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013	
	Because of the effects/possible effects of the material weaknesses described below on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls over financial reporting were not operating effectively as at 31 March 2020, based on the internal financial controls with reference to Consolidated Financial Statements criteria established by the Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").	

ICRA Limited**Directors' Report**

	<p>We have considered the material weaknesses identified and reported below in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated Financial Statements of the Company for the year ended 31 March 2020 and the material weaknesses have affected our opinion on the said Consolidated Financial Statements and we have issued a qualified opinion on the said Consolidated Financial Statements.</p> <p>As explained inter-alia in the "Basis for Qualified Opinion" section of our Audit Report on the Consolidated Financial Statements for the year ended 31 March 2020, pursuant to examinations by the external experts appointed by the Board of Directors of the Company of anonymous representations received by the Company, non-compliances of certain applicable regulations and Company policies relating to credit rating activities, including override of certain internal controls by senior management officials, have been identified, which indicates that the control environment was ineffective as at 31 March 2020. This could potentially result in legal/ penal implications for the Company. The Company is in the process of undertaking remedial steps over a defined period of time towards strengthening its control environment. Pending the outcome of aforesaid non-compliances and conclusion of certain other ongoing matters, the completeness of identification of control deficiencies cannot be ascertained.</p>	
A	Type of Audit Qualification: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Adverse Opinion
B	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	First time
C	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not applicable
D	For Audit Qualification(s) where the impact is not quantified by the auditor:	
(i) Management's estimation on the impact of audit qualification:		Not applicable
(ii) If management is unable to estimate the impact, reasons for the same:		While the Company has made a provision for penalty on a best estimate basis with regards to the Adjudication Proceeding, the impact of uncertainties arising from the above matters is currently unascertainable. However, based on the legal opinions given by the reputed external counsels, the Company does not foresee an action from the regulator(s) that could adversely affect the functioning of the Company.
Auditors' Comments on (i) or (ii) above:		Pending the outcome of aforesaid non-compliances and conclusion of certain other ongoing matter, the completeness of identification of control deficiencies cannot be ascertained.



Directors' Report

Secretarial Audit

The Board of Directors of the Company has appointed M/s. Chandrasekaran Associates Company Secretaries, as the Secretarial Auditor of the Company for the financial year 2019-20 in terms of Section 204 of the Companies Act, 2013 and Regulation 24A of the Listing Regulations. The Secretarial Audit Report for financial year 2019-20 has been annexed to this Report (Annexure V). The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks. However, the Secretarial Auditor in its report has highlighted as under:

During the period under review, the Company has substantially complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except mentioned below:

The settlement application filed before the Securities and Exchange Board of India ('SEBI') by the Company on February 15, 2019 against the show cause notice dated December 17, 2018 received from SEBI regarding adjudication proceeding under Rule 4 of SEBI (Procedure for holding inquiry and imposing penalties by adjudicating officer) Rules, 1995 in relation to credit ratings assigned to one of its customers and the customer's subsidiary (the 'Initial SCN'), was rejected by the SEBI vide its letter dated June 28, 2019, thereafter SEBI concluded its adjudication proceedings, and vide its adjudication order dated December 26, 2019, imposed a penalty of INR 25 lakh on the Company under Section 15HB of SEBI Act, 1992 in respect of the Initial SCN. Further, SEBI issued a show cause notice ('Subsequent SCN') dated January 28, 2020 under Section 15-1 (3) of SEBI Act, 1992, for enhancement of the said penalty amount in respect of the Initial SCN.

The Management of the Company advised that the Company filed an appeal challenging the said adjudication order (the 'Impugned Order') before the Securities Appellate Tribunal ('SAT') and deposited the penalty amount of INR 25 lakh as imposed vide the Impugned Order without prejudice to such appeal, and the said appeal application was pending on March 31, 2020.

As per the requirement of the Listing Regulations, material subsidiary has appointed a secretarial auditor, who has undertaken secretarial audit of the material subsidiary for the financial year ended March 31, 2020.

Transfer to Reserves

Your Company proposes not to transfer any amount to the General Reserve.

Dividend

The Board of Directors recommends for approval of the Members at the forthcoming Annual General Meeting, payment of dividend of Rs. 27 per equity share for the financial year ended March 31, 2020. If the members 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 September 17, 2020; and (ii) all those members whose names appear on that date as beneficial owners as furnished by the National Securities Depository Limited and Central Depository Services (India) Limited.

Dividend Distribution Policy

Your Company has formulated a Dividend Distribution Policy ("the Policy") pursuant to Regulation 43A of the Listing Regulations. The objective of the Policy is to maintain stability in the dividend payout of the Company, subject to the applicable laws, and to ensure a regular dividend income for the members and long-term capital appreciation for all stakeholders of the Company.

Your Company would ensure to strike the right balance between the quantum of dividend paid and the amount of profits retained in the business for various purposes. The Board of Directors refers to this Policy while declaring/recommending dividends on behalf of the Company. Through this Policy, the Company would try to maintain a consistent approach to dividend pay-out plans, subject to the applicable laws. The Policy has been annexed to this report (Annexure VI) and also uploaded on the Company's website - www.icra.in.

Transfer to Investor Education and Protection Fund

The Company sends reminder letters to all members whose dividends are unclaimed to ensure that they receive their rightful dues. Your Company has also uploaded on its website, www.icra.in, information regarding unpaid/unclaimed dividend amounts lying with your Company.

ICRA Limited

Directors' Report

During 2019-20, the unclaimed dividend amount of Rs. 138,780 towards the unpaid dividend account of the Company for the financial year 2011-12 was transferred to the Investor Education and Protection Fund. The said amount had remained unclaimed for seven years, despite reminder letters having been sent to each of the members concerned.

Pursuant to Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and its amendments, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more, shall be transferred by the Company in the demat account of Investor Education and Protection Fund (IEPF) Authority ('the Authority') within a period of thirty days of such shares becoming due to be transferred to the IEPF, as per the procedure mentioned in the said Rules. Accordingly, your Company has transferred 132 equity shares to the demat account of the Authority in accordance with the provisions of the Companies Act, 2013 and rules made thereunder. All benefits accruing on such shares viz. bonus shares, split, consolidation, fraction shares etc., except any right issue, shall also be credited to such a demat account.

Members may note that unclaimed dividend and shares transferred to the demat account of the Authority can be claimed back by them from the Authority by following the procedure mentioned in the said Rules.

Risk Management Policy

Your Company has formulated a risk management policy. This policy is a formal acknowledgement of the commitment of your Company to risk management. The aim of the policy is not to have the risk eliminated completely from the Company's activities, but rather to ensure that every effort is made by the Company to manage risks appropriately to maximise potential opportunities and minimise the adverse effects of risk. The Board and the Risk Management Committee monitor and review the risk management plan.

Internal Control System and their Adequacy

Your Company has an internal control system, commensurate with its size, nature of its business and complexities of its operations. The Board of Directors of your Company has adopted policies and procedures for ensuring the orderly and efficient conduct of your Company's business. The Board of Directors of your Company has laid down Internal Financial Controls to provide reasonable assurance with regard to recording and providing reliable financial and operational information, adherence to the Company's policies, safeguarding of assets and prevention and detection of frauds and errors, the accuracy and completeness of accounting records and timely preparation of reliable information. The Board and the Audit Committee regularly evaluate internal financial controls.

Statutory Auditors have, in their report to the Members of the Company on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013, made an "Adverse Opinion". The Directors' response to the comments of the auditors is given in the section 'Comments on Auditors' Report'.

Corporate Social Responsibility

Your Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013. The CSR policy has been devised on the basis of the recommendations made by the CSR Committee. The composition of the CSR Committee, the CSR policy of the Company, details about the development and implementation of the policy and initiatives taken by the Company during the year as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014, have been annexed to this report (Annexure VII).

Business Responsibility Report

Your Company, in accordance with the provisions of Regulation 34(2)(f) of the Listing Regulations has prepared a Business Responsibility Report for the year 2019-20. The Business Responsibility Report describes the initiatives taken by the Company from the environmental, social and governance perspective. The Business Responsibility Report has been annexed to this report (Annexure VIII) and forms a part of the Director's Report.



Directors' Report

Particulars of Contracts or Arrangements with Related Parties

Your Company has entered into contracts or arrangements with its related parties. The related-party transactions are disclosed in the financial statements for the year ended March 31, 2020. There have been no material-related party transactions as per Section 188(1) of the Companies Act, 2013 and as per Regulation 23 of the Listing Regulations. The required disclosures of information in Form AOC-2 in terms of Section 188 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, are annexed to this report (Annexure IX).

Policy on Prohibition, Prevention and Redressal of Sexual Harassment

Your Company has formulated a Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace in accordance with The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013. The Company has constituted an Internal Committee for prevention and redressal of sexual harassment at the workplace separately for all the branches. The Company has received one complaint during the financial year ended March 31, 2020. The said complaint was not pursued further by the Internal Committee constituted under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the absence of critical information required under the Company's policy on prevention of sexual harassment. The said compliant was treated as resolved. The disclosures in relation to The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013 have also been made in the Corporate Governance Report.

Deposits

The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

Maintenance of Cost Records

The Company is not required to maintain cost records as per sub-section (1) of Section 148 of the Companies Act, 2013.

Particulars of Loans, Guarantees and Investments

The particulars of loans, guarantees and investments are disclosed in the financial statements for the year ended March 31, 2020.

Vigil Mechanism/Whistle-Blower Policy

Your Company has established a vigil mechanism in compliance with the provisions of Section 177 (9) of the Companies Act, 2013, and Regulation 22 of the Listing Regulations. Your Company has adopted a Whistle-Blower Policy to report unethical/illegal/improper behaviour. Your Company has made employees aware of the whistle-blower policy to enable them to report instances of leak of unpublished price sensitive information.

The said whistle-blower policy also provides for adequate safeguards against victimisation of persons who use such vigil mechanism and makes provision for direct access to the chairperson of the Audit Committee in exceptional cases. Further, no stakeholders have been denied access to the Audit Committee.

Composition of the Audit Committee

Your Company has constituted an Audit Committee, the composition of which has been provided in the Corporate Governance Report. During the financial year 2019-20, the Board accepted all the recommendations of the Audit Committee.

Litigations

There are certain pending cases against your Company and /or in which your Company has been made a party. However, these cases are sub judice in court.

Besides this, the Company has filed an appeal before the Hon'ble Securities Appellate Tribunal (the 'SAT'), challenging the adjudication order (the 'Impugned Order') and deposited the penalty amount of INR 25 lakh as imposed vide the Impugned Order without prejudice to such appeal.

ICRA Limited

Directors' Report

COVID-19

The lockdown imposed by the Central and most state governments to contain the spread of Covid-19 has led to a steep decline in activity levels in the economy across sectors – manufacturing as well as service – that is expected to result in a sharp contraction in the GDP of about 5%, as per ICRA's estimates, in FY 2021. Fresh issuances from corporates, including finance companies, has been restricted to few entities – those backed by strong promoters and PSUs - which has impacted the fresh ratings business. This impact, however, has been mitigated to some extent by the spurt in rating opportunities due to issuances that got funded by the Reserve Bank of India's (RBI) Targeted Long-Term Repo Operations (TLTRO), which was a key step towards providing liquidity to corporates, and the refinancing opportunities that arose because of easing in monetary policy leading to fall in yields. The funding by corporates has largely been done to shore up their liquidity buffers and a pick-up in private sector investment cycle looks distant.

Rating opportunities in the near term are going to depend, *inter alia*, on the revival in economic activity, trajectory of interest rates and Government spending to revive manpower intensive sectors that in turn would spur consumption. Investment by private sector companies would additionally depend on access to funding, as lenders as well as investors have turned risk averse.

In terms of operations, ICRA is well geared to serve our clients and market participants without any disruption in our service levels.

Your Company has considered internal and external information and has performed an analysis based on current estimates on your Company's capital and financial resources, profitability, liquidity position, assets, internal financial reporting and control, and demand for Company's services. Your Company is of the view that based on its present assessment this situation does not materially impact your Company's capital and financial resources. However, the actual impact of Covid-19 may differ from that estimated due to unforeseen circumstances and your Company will continue to closely monitor any material changes to future economic conditions.

As on date of this Report, there has been no impact on the business due to non-fulfilment of any obligations by any party to existing contracts/agreements, except a few cases which are sub judice.

Your Company extended remote work for all employees across all locations. Your Company has demonstrated its ability to provide seamless delivery of high-quality and timely services to its clients even during the lockdown and with the employees working remotely.

Your Company is monitoring developments across the country and taking all appropriate steps to make the employees' remote work experience as successful and seamless as possible. The Company is also monitoring the health of all employees to be assured of their well-being.

Your Company has made a contribution of Rs. 1 crore to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund), to help combat the Covid-19 outbreak in India and support those most affected.

Acknowledgements

Your Directors acknowledge the cooperation and assistance received from various institutions, Government agencies, members and professionals from different disciplines.

Your Directors also wish to place on record their appreciation of the contribution made by the members of the staff of your Company.

For and on behalf of the Board of Directors of **ICRA Limited**

(Arun Duggal)

Chairman

(DIN: 00024262)

Place: Kasauli

Date: July 28, 2020



Annexure I

Information as per Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) Ratio of the remuneration of each Director to the median remuneration of the Employees of the Company for the financial year 2019-20 and the percentage increase in remuneration of each Director and Key Managerial Personnel during the financial year 2019-20:

Name of the Director/Key Managerial Personnel	Designation	Ratio of remuneration of each Director to median remuneration of Employees	Percentage increase in remuneration
Mr. Arun Duggal	Independent Director	1.96:1	14%
Ms. Ranjana Agarwal	Independent Director	1.57:1	18%
Ms. Radhika Vijay Haribhakti	Independent Director	1.57:1	18%
Dr. Min Ye	Non- Executive and Non-Independent Director	Not Applicable ¹	Not Applicable ¹
Mr. Thomas John Keller Jr.	Non- Executive and Non-Independent Director	Not Applicable ¹	Not Applicable ¹
Mr. David Brent Platt	Non- Executive and Non-Independent	Not Applicable ¹	Not Applicable ¹
Mr. Michael Foley*	Additional Director, Non- Executive and Non-Independent	Not Applicable ¹	Not Applicable ¹
Mr. Amit Kumar Gupta**	Additional Director, Whole-time Director & General Counsel	Not Applicable	32%
Mr. Navneet Agarwal***	Non- Executive and Non-Independent Director	Not Applicable	Not Applicable
Mr. Naresh Takkar****	Managing Director & Group CEO	Not Applicable	Not Applicable
Mr. Vipul Agarwal	Interim Chief Operating Officer and Group Chief Financial Officer	Not Applicable	14%
Mr. S. Shakeb Rahman	Company Secretary	Not Applicable	56%

¹Non-Executive Non-Independent Directors have waived sitting fees and also waived commission payable to them for the financial year 2019-20.

*Appointed as an Additional Director with effect from October 25, 2019.

**Appointed an Additional Director, Whole-time Director with effect from February 7, 2020.

***Ceased to be a Director with effect from October 25, 2019.

****Ceased to be a Director with effect from September 28, 2019.

(ii) The percentage increase in the median remuneration of employees for the financial year 2019-20 was 1%.

(iii) The number of permanent employees on the rolls of the Company as of March 31, 2020 was 445.

((iv) Average percentage increase made in the salaries of employees other than the managerial personnel (including KMP) in the financial year was 0.1%. The increase in the managerial remuneration was not applicable during the period under review, as the managerial personnel were appointed for part of the year. The average increases every year is in line with the Company's performance.

(v) The remuneration paid during the financial year 2019-20 is as per the Remuneration Policy of the Company.

For and on behalf of the Board of Directors of **ICRA Limited**

(Arun Duggal)

Chairman

(DIN: 00024262)

Place: Kasauli

Date: July 28, 2020

ICRA Limited**Annexure II****Form No. MGT-9****Extract of Annual Return as on the financial year ended on March 31, 2020**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	L74999DL1991PLC042749
2.	Registration Date	January 16, 1991
3.	Name of the Company	ICRA Limited
4.	Category/Sub-Category	Public Company
5.	Address of the Registered office and contact details	1105, Kailash Building, 11 th Floor, 26, Kasturba Gandhi Marg, New Delhi – 110001 Tel.: +91.11.23357940-45 Email Id: investors@icraindia.com
6.	Whether listed company	Yes
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any:	M/s. Link Intime India Private Limited, Noble Heights, 1 st Floor, Plot No. NH 2, LSC, C-1 Block, Near Savitri Market, Janakpuri, New Delhi-110058, Tel: +91.11.4141 0592 Fax: +91.11.4141 0591 Email Id: delhi@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The business activities contributing 10% or more of the total turnover of the company are:

Sl. No.	Name and Description of main products/services	NIC Code of the product/service	% of total turnover of the company
1.	Rating, research and other services	66190	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	ICRA Analytics Limited ^s Infinity Benchmark Building, 17 th Floor, Plot -G1, Block-GP, Sector-V, Salt Lake Kolkata, West Bengal-700091 India	U72900WB1999PLC109180	Subsidiary	100	2(87)
2.	ICRA Lanka Limited 10-02, East Tower, World Trade Center, Colombo 1, Sri Lanka	NA	Subsidiary	100	2(87)
3.	ICRA Nepal Limited Sunrise Bizz Park, 6 th Floor, Dillibazar, Kathmandu-33, Nepal	NA	Subsidiary	51	2(87)



Annexure II

Sl. No.	Name and Address of the Company	CIN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
4.	PT. ICRA Indonesia*	NA	Subsidiary	99	2(87)
5.	Pragati Development Consulting Services Limited 1105, 11 th Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi 100 001, India	U74140DL2011PLC213174	Subsidiary	100	2(87)

[§]Name of ICRA Online Limited was changed to ICRA Analytics Limited, effective from February 7, 2020. ICRA Management Consulting Services Limited erstwhile wholly-owned subsidiary of ICRA Limited was merged with and into ICRA Analytics Limited (formerly known as ICRA Online Limited) with effect from November 15, 2019.

*Under liquidation

IV. SHAREHOLDING PATTERN

(EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

Sr. No	Category of Shareholders	Shareholding at the beginning of the year				Shareholding at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoter and Promoter Group									
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	-	-	-	-	-	-	-	-	-
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(d)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	Bodies Corporate	3055900	-	3055900	31.6633	3055900	-	3055900	31.6633	-
	Sub Total (A)(1)	3055900	-	3055900	31.6633	3055900	-	3055900	31.6633	-
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Government	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	Bodies Corporate	1949722	-	1949722	20.2018	1949722	-	1949722	20.2018	-
	Sub Total (A)(2)	1949722	-	1949722	20.2018	1949722	-	1949722	20.2018	-
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	5005622	-	5005622	51.8651	5005622	-	5005622	51.8651	-
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds / UTI	1276612	-	1276612	13.2275	1424436	-	1424436	14.7591	1.5316
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-

ICRA Limited**Annexure II**

Sr. No	Category of Shareholders	Shareholding at the beginning of the year				Shareholding at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(c)	Alternate Investment Funds	-	-	-	-	79802	-	79802	0.8269	0.8269
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investor	879540	-	879540	9.1132	968468	-	968468	10.0347	0.9215
(f)	Financial Institutions / Banks	62873	-	62873	0.6515	57863	-	57863	0.5995	-0.0520
(g)	Insurance Companies	1419173	-	1419173	14.7046	1323839	-	1323839	13.7168	-0.9878
(h)	Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-
(i)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	Sub Total (B)(1)	3638198	0	3638198	37.6967	3854408	0	3854408	39.9370	2.2403
[2]	Central Government/ State Government(s)/ President of India									
	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
	Sub Total (B)(2)	-	-	-	-	-	-	-	-	-
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh	485789	345	486134	5.0370	438103	281	438384	4.5423	-0.4947
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	137911	-	137911	1.4289	150850	-	150850	1.5630	0.1341
(b)	NBFCs registered with RBI	2525	-	2525	0.0262	2500	-	2500	0.0259	-0.0003
(d)	Overseas Depositories (holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	IEPF	349	-	349	0.0036	481	-	481	0.0050	0.0014
	Trusts	3003	-	3003	0.0311	3003	-	3003	0.0311	0.0000
	Hindu Undivided Family	21219	-	21219	0.2199	19204	-	19204	0.1990	-0.0209
	Non Resident Indians (Non Repat)	10576	-	10576	0.1096	8037	-	8037	0.0833	-0.0263
	Non Resident Indians (Repat)	24033	-	24033	0.2490	22330	-	22330	0.2314	-0.0176
	Clearing Member	2701	-	2701	0.0280	879	-	879	0.0091	-0.0189
	Bodies Corporate	287010	-	287010	2.9738	113583	-	113583	1.1769	-1.7969
	Sub Total (B)(3)	975116	345	975461	10.1071	758970	281	759251	7.8669	-2.2402
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	4613314	345	4613659	47.8038	4613378	281	4613659	47.8038	-
	Total (A)+(B)	9618936	345	9619281	99.6690	9619000	281	9619281	99.6690	-
(C)	Non Promoter - Non Public									
[1]	Custodian/DR Holder	-	-	-	-	-	-	-	-	-
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	31950	-	31950	0.3310	31950	-	31950	0.3310	-
	Total (A)+(B)+(C)	9650886	345	9651231	100.0000	9650950	281	9651231	100.0000	-



Annexure II

Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares held	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of Shares held	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1.	Moody's Investment Company India Private Limited	3055900	31.6633	-	3055900	31.6633	-	-
2.	Moody's Singapore Pte Ltd	1949722	20.2018	-	1949722	20.2018	-	-
	Total	5005622	51.8651	-	5005622	51.8651	-	-

Change in Promoters' Shareholding:

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year – 2020	
		no. of shares held	% of total shares of the company	date of transaction	no. of shares	no of shares held	% of total shares of the company
1	Moody's Investment Company India Private Limited	3055900	31.6633	-	-	3055900	31.6633
	Transfer	-	-	-	-	-	-
	At the end of the year	-	-	-	-	3055900	31.6633
2	Moody's Singapore Pte Ltd	1949722	20.2018	-	-	1949722	20.2018
	Transfer	-	-	-	-	-	-
	At the end of the year	-	-	-	-	1949722	20.2018

Note:

1. Paid up Share Capital of the Company (Face Value Rs. 10.00) at the end of the year is 96,51,231 Shares.
2. The details of holding has been clubbed based on PAN.
3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of The Company
1	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE MNC FUND	954754	9.8926			954754	9.8926
	AT THE END OF THE YEAR					954754	9.8926
2	LIFE INSURANCE CORPORATION OF INDIA	896174	9.2856			896174	9.2856
	Transfer			09 Aug 2019	(1032)	895142	9.2749
	Transfer			16 Aug 2019	(200)	894942	9.2728
	Transfer			23 Aug 2019	(3)	894939	9.2728
	Transfer			06 Sep 2019	(3)	894936	9.2728
	Transfer			11 Oct 2019	(267)	894669	9.2700
	Transfer			18 Oct 2019	(1104)	893565	9.2586
	Transfer			08 Nov 2019	(279)	893286	9.2557
	Transfer			15 Nov 2019	(1068)	892218	9.2446
	Transfer			22 Nov 2019	(10005)	882213	9.1409
	Transfer			29 Nov 2019	(3685)	878528	9.1028
	Transfer			06 Dec 2019	(556)	877972	9.0970
	Transfer			13 Dec 2019	(10342)	867630	8.9898
	Transfer			20 Dec 2019	(25597)	842033	8.7246
	Transfer			27 Dec 2019	(18505)	823528	8.5329

ICRA Limited

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of The Company
	Transfer			31 Dec 2019	(7500)	816028	8.4552
	Transfer			03 Jan 2020	(12500)	803528	8.3257
	Transfer			07 Feb 2020	(12112)	791416	8.2002
	Transfer			14 Feb 2020	(30090)	761326	7.8884
	Transfer			21 Feb 2020	(20146)	741180	7.6796
	Transfer			28 Feb 2020	(23000)	718180	7.4413
	Transfer			06 Mar 2020	(2825)	715355	7.4121
	AT THE END OF THE YEAR					715355	7.4121
3	PARI WASHINGTON INDIA MASTER FUND, LTD.	631143	6.5395			631143	6.5395
	Transfer			12 Apr 2019	1464	632607	6.5547
	Transfer			19 Apr 2019	267	632874	6.5574
	Transfer			26 Apr 2019	68	632942	6.5581
	Transfer			03 May 2019	31245	664187	6.8819
	Transfer			13 Dec 2019	9984	674171	6.9853
	Transfer			20 Dec 2019	17043	691214	7.1619
	Transfer			27 Dec 2019	6497	697711	7.2292
	Transfer			31 Dec 2019	5129	702840	7.2824
	AT THE END OF THE YEAR					702840	7.2824
4	GENERAL INSURANCE CORPORATION OF INDIA	522999	5.4190			522999	5.4190
	Transfer			21 Feb 2020	(40000)	482999	5.0045
	Transfer			28 Feb 2020	(5581)	477418	4.9467
	AT THE END OF THE YEAR					477418	4.9467
5	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA SMALL CAP FUND	256209	2.6547			256209	2.6547
	Transfer			05 Apr 2019	39282	295491	3.0617
	Transfer			02 Aug 2019	(62900)	232591	2.4100
	Transfer			30 Aug 2019	1000	233591	2.4203
	Transfer			20 Dec 2019	4310	237901	2.4650
	Transfer			27 Dec 2019	5690	243591	2.5239
	Transfer			31 Dec 2019	5053	248644	2.5763
	Transfer			03 Jan 2020	2513	251157	2.6023
	Transfer			10 Jan 2020	5000	256157	2.6541
	Transfer			24 Jan 2020	173	256330	2.6559
	Transfer			14 Feb 2020	19000	275330	2.8528
	Transfer			21 Feb 2020	20787	296117	3.0682
	Transfer			28 Feb 2020	2500	298617	3.0941
	Transfer			06 Mar 2020	649	299266	3.1008
	Transfer			13 Mar 2020	186	299452	3.1027
	Transfer			27 Mar 2020	2319	301771	3.1268
	AT THE END OF THE YEAR					301771	3.1268
6	TENCORE PARTNERS MASTER LTD.	0	0.0000			0	0.0000
	Transfer			21 Jun 2019	2188	2188	0.0227
	Transfer			29 Jun 2019	2200	4388	0.0455
	Transfer			05 Jul 2019	845	5233	0.0542
	Transfer			12 Jul 2019	10154	15387	0.1594
	Transfer			19 Jul 2019	310	15697	0.1626
	Transfer			26 Jul 2019	528	16225	0.1681
	Transfer			02 Aug 2019	465	16690	0.1729
	Transfer			09 Aug 2019	63310	80000	0.8289
	Transfer			25 Oct 2019	11113	91113	0.9441
	Transfer			01 Nov 2019	446	91559	0.9487
	Transfer			08 Nov 2019	623	92182	0.9551
	Transfer			15 Nov 2019	1158	93340	0.9671
	Transfer			22 Nov 2019	1384	94724	0.9815
	Transfer			29 Nov 2019	10538	105262	1.0907



Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of The Company
	Transfer			21 Feb 2020	15710	120972	1.2534
	Transfer			28 Feb 2020	22028	143000	1.4817
	Transfer			27 Mar 2020	50000	193000	1.9997
	AT THE END OF THE YEAR					193000	1.9997
7	PPFAS MUTUAL FUND - PARAG PARikh LONG TERM EQUITY FUND	65649	0.6802			65649	0.6802
	Transfer			07 Jun 2019	27	65676	0.6805
	Transfer			02 Aug 2019	2	65678	0.6805
	Transfer			09 Aug 2019	928	66606	0.6901
	Transfer			30 Aug 2019	1990	68596	0.7107
	Transfer			14 Feb 2020	8596	77192	0.7998
	Transfer			13 Mar 2020	18	77210	0.8000
	Transfer			20 Mar 2020	1277	78487	0.8132
	Transfer			27 Mar 2020	50565	129052	1.3372
	Transfer			31 Mar 2020	27471	156523	1.6218
	AT THE END OF THE YEAR					156523	1.6218
8	HDFC LIFE INSURANCE COMPANY LIMITED	151794	1.5728			151794	1.5728
	Transfer			03 May 2019	(30000)	121794	1.2620
	Transfer			17 May 2019	(583)	121211	1.2559
	Transfer			24 May 2019	(1211)	120000	1.2434
	AT THE END OF THE YEAR					120000	1.2434
9	M3 INVESTMENT PRIVATE LIMITED	71660	0.7425			71660	0.7425
	AT THE END OF THE YEAR					71660	0.7425
10	PARI WASHINGTON INVESTMENT FUND	0	0.0000			0	0.0000
	Transfer			10 Jan 2020	262	262	0.0027
	Transfer			17 Jan 2020	1474	1736	0.0180
	Transfer			24 Jan 2020	1010	2746	0.0285
	Transfer			31 Jan 2020	658	3404	0.0353
	Transfer			07 Feb 2020	21872	25276	0.2619
	Transfer			14 Feb 2020	3813	29089	0.3014
	Transfer			21 Feb 2020	8311	37400	0.3875
	Transfer			28 Feb 2020	19098	56498	0.5854
	Transfer			06 Mar 2020	5747	62245	0.6449
	Transfer			13 Mar 2020	557	62802	0.6507
	AT THE END OF THE YEAR					62802	0.6507
11	RADHAKISHAN DAMANI	48451	0.5020			48451	0.5020
	Transfer			11 Oct 2019	600	49051	0.5082
	Transfer			18 Oct 2019	(600)	48451	0.5020
	Transfer			10 Jan 2020	(5000)	43451	0.4502
	AT THE END OF THE YEAR					43451	0.4502
12	PLATINUM ASIA FUND	141326	1.4643			141326	1.4643
	Transfer			27 Mar 2020	(83420)	57906	0.6000
	Transfer			31 Mar 2020	(17848)	40058	0.4151
	AT THE END OF THE YEAR					40058	0.4151

Notes : 1. Paid up Share Capital of the Company (Face Value Rs. 10.00) at the end of the year is 9651231 Shares.

2. The details of holding has been clubbed based on PAN.

3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

ICRA Limited**Annexure II****Shareholding of Directors and Key Managerial Personnel**

Name of the Director(s)	Shareholding at the beginning of the year	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
Mr. Arun Duggal	At the beginning of the year	Nil	NA	Nil	NA
	Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	Nil	NA	Nil	NA
	At the end of the year (or on the date of separation, if separated during the year)	Nil	NA	Nil	NA
Ms. Ranjana Agarwal	At the beginning of the year	Nil	NA	Nil	NA
	Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	Nil	NA	Nil	NA
	At the end of the year (or on the date of separation, if separated during the year)	Nil	NA	Nil	NA
Ms. Radhika Vijay Haribhakti	At the beginning of the year	Nil	NA	Nil	NA
	Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	Nil	NA	Nil	NA
	At the end of the year (or on the date of separation, if separated during the year)	Nil	NA	Nil	NA
Dr. Min Ye	At the beginning of the year	Nil	NA	Nil	NA
	Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	Nil	NA	Nil	NA
	At the end of the year (or on the date of separation, if separated during the year)	Nil	NA	Nil	NA
Mr. Thomas John Keller Jr.	At the beginning of the year	Nil	NA	Nil	NA
	Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	Nil	NA	Nil	NA
	At the end of the year (or on the date of separation, if separated during the year)	Nil	NA	Nil	NA
Mr. David Brent Platt	At the beginning of the year	Nil	NA	Nil	NA
	Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	Nil	NA	Nil	NA
	At the end of the year (or on the date of separation, if separated during the year)	Nil	NA	Nil	NA



Annexure II

Name of the Director(s)	Shareholding at the beginning of the year	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
Mr. Michael Foley ¹	At the beginning of the year	Nil	NA	Nil	NA
	Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	Nil	NA	Nil	NA
	At the end of the year (or on the date of separation, if separated during the year)	Nil	NA	Nil	NA
Mr. Amit Kumar Gupta ¹	At the beginning of the year	Nil	NA	Nil	NA
	Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	Nil	NA	Nil	NA
	At the end of the year (or on the date of separation, if separated during the year)	Nil	NA	Nil	NA
Mr. Navneet Agarwal ²	At the beginning of the year	Nil	NA	Nil	NA
	Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	Nil	NA	Nil	NA
	At the end of the year (or on the date of separation, if separated during the year)	Nil	NA	Nil	NA
Mr. Naresh Takkar ³	At the beginning of the year	42,000	0.435	42,000	0.435
	Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	Nil*	NA	Nil*	NA
	At the end of the year (or on the date of separation, if separated during the year)	42,000**	0.435**	42,000**	0.435**
Mr. Vipul Agarwal	At the beginning of the year	Nil	NA	Nil	NA
	Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	Nil	NA	Nil	NA
	At the end of the year (or on the date of separation, if separated during the year)	Nil	NA	Nil	NA
Mr. S. Shakeb Rahman	At the beginning of the year	300	0.003	300	0.003
	Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	Nil	NA	Nil	NA
	At the end of the year (or on the date of separation, if separated during the year)	300	0.003	300	0.003

¹Mr. Michael Foley and Mr. Amit Kumar Gupta were appointed as an Additional Director with effect from October 25, 2019 and February 7, 2020, respectively.

²Mr Navneet Agarwal ceased to be a Director with effect from October 25, 2019.

³Mr. Naresh Takkar ceased to be a Director with effect from September 28, 2019.

*During the period April 1, 2019 to September 27, 2019.

**As per benpos dated September 27, 2019.

ICRA Limited**Annexure II****INDEBTEDNESS****Indebtedness of the Company including interest outstanding/accrued but not due for payments**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount				
(ii) Interest due but not paid				Not Applicable
(iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
Addition				
Reduction				Not Applicable
Net Change				
Indebtedness at the end of the financial year				
(iv) Principal Amount				
(v) Interest due but not paid				Not Applicable
(vi) Interest accrued but not due				
Total (i+ii+iii)				

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**Remuneration of Managing Director (MD), Whole-Time Directors (WTD) and/or Manager:**

Sl. No.	Particulars of Remuneration	Mr. Amit Kumar Gupta	Mr. Naresh Takkar	(in Rs. lakh)
1. Gross Salary				
(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	14.54		190.54	
(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.04		0.10	
(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-		-	
2. Stock Option				
3. Sweat Equity				
4. Commission				
As 1% of net profit	-		19.34	
Others	-		-	
5. Others				
Total (A)	14.58		209.98	
Ceiling as per the Act	99.94		210.24	

1. Mr. Amit Kumar Gupta was appointed Whole-time Director, effective from February 7, 2020.

2. Mr. Naresh Takkar's employment was terminated effective from August 29, 2019.



Annexure II

Remuneration to other Directors:

Particulars of Remuneration	Mr. Arun Duggal	Ms. Ranjana Agarwal	Ms. Radhika Vijay Haribhakti	Dr. Min Ye	Mr. Thomas John Keller Jr.	Mr. David Brent Platt	Mr. Michael Foley	Mr. Navneet Agarwal#	Total Amount
Independent Directors:									
Fees for attending Board/ Committee meetings (sitting fee)	11.20	15.20	13.40	-	-	-	-	-	39.80
Commission	25.00	20.00	20.00	-	-	-	-	-	65.00
Others	-	-	-	-	-	-	-	-	-
Total (1)	36.20	35.20	33.40	-	-	-	-	-	104.80
Fees for attending Board/ Committee meetings (sitting fee)	-	-	-	Nil *	Nil*	Nil *	Nil*	Nil*	Nil*
Commission	-	-	-	Nil*	Nil*	Nil*	Nil*	Nil*	Nil*
Others	-	-	-	-	-	-	-	-	-
Total (2)	-	-	-	-	-	-	-	-	-
Total (B)= (1+2)	25.00	20.00	20.00	Nil	Nil	Nil	Nil	Nil*	104.80
Total Managerial Remuneration&	-	-	-	-	-	-	-	-	65.00
Overall Ceiling as per the Act	-	-	-	-	-	-	-	-	92.99

#Ceased to be a Director with effect from October 25, 2019.

*Excluding Sitting Fee.

*Non-Executive Non Independent Directors have waived sitting fees and commission payable to them for the financial year 2019-20.

Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Mr. Vipul Agarwal (Interim Chief Operating Officer & Group Chief Financial Officer)	Mr. Amit Kumar Gupta (General Counsel)&	Mr. S. Shakeb Rahman (Company Secretary & Compliance Officer)	Total Amount
1.	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	219.64	98.59	38.43	356.66
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.24	0.24	0.24	0.72
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
5.	Commission	-	-	-	-
	As 1% of net profit	-	-	-	-
	Others	-	-	-	-
5.	Others	-	-	-	-
	Total (A)	219.88	98.83	38.67	357.38
	Ceiling as per the Act	-	-	-	-

*appointed Whole-time Director effective from February 7, 2020

ICRA Limited**Annexure II****PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					Nil
Compounding					
B. DIRECTORS					
Penalty					
Punishment					Nil
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					Nil
Compounding					

During the year under review, the Securities and Exchange Board of India ('**SEBI**') concluded its adjudication proceedings in relation to credit ratings assigned to one of the Company's customers and the customer subsidiaries ('**Adjudication Proceeding**') and SEBI vide its adjudication order dated December 26, 2019, imposed a penalty of INR 25 lakh on ICRA Limited (the '**Company**' or '**ICRA**') under section 15HB of SEBI Act, 1992 ('**Adjudication Order**'). Further, SEBI issued a Show Cause Notice ('**SCN**') dated January 28, 2020 under Section 15-1 (3) of SEBI Act, 1992 for enhancement of penalty amount. The Company has filed an appeal challenging the Adjudication Order (the '**Impugned Order**') before the Hon'ble Securities Appellate Tribunal (the '**SAT**') and deposited the penalty amount of INR 25 lakh as imposed vide the Impugned Order without prejudice to such appeal.

For and on behalf of the Board of Directors of **ICRA Limited**

Place: Kasauli
Date: July 28, 2020

(Arun Duggal)
Chairman
(DIN: 00024262)



Annexure III

Corporate Governance Report

A. Company's Philosophy on Corporate Governance

Good governance encompasses the conduct of the Company's business in an ethical, transparent, fair and equitable manner with due regard to the interests of the various stakeholders, and the exercise of proper control over the Company's assets and transactions.

B. Board of Directors

(i) Board Membership Criteria

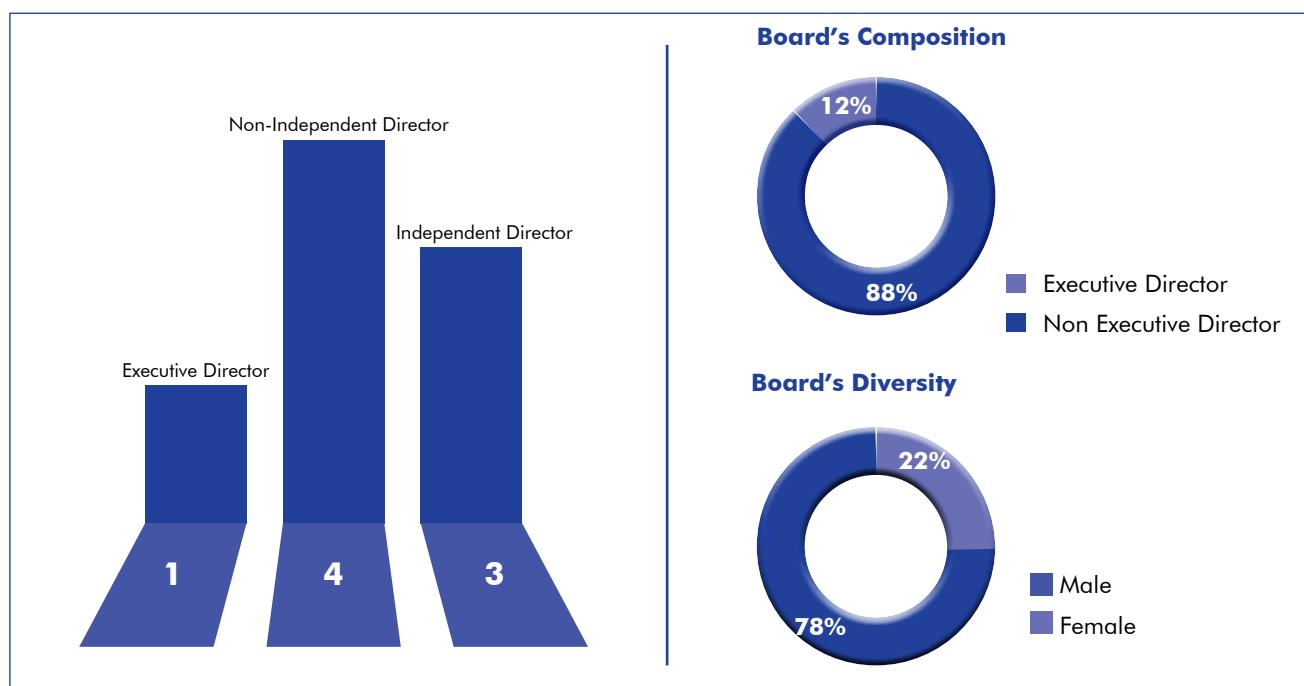
The members of the Board of Directors of your Company are expected to possess the required expertise, skill and experience to effectively manage and direct your Company so that it can attain its organisational goals. The members are expected to be individuals with vision, leadership qualities and a strategic bent of mind with proven competence and integrity.

Each member of the Board of Directors of your Company is expected to ensure that his/her personal interest is not in conflict with your Company's interests. Moreover, each member is expected to use his/her professional judgment to maintain both the substance and the 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 with a balanced structure.

As on the date of this report, the Board consists of eight members, one of whom is an Executive Director, who is an Additional Director and seeks regularisation in the ensuing Annual General Meeting. Of the seven Non-Executive Directors, including two women Directors, three are Independent Directors and four Non-Executive Non-Independent Directors, including one Additional Director, who seeks regularisation in the ensuing Annual General Meeting. The Chairman of the Board is a Non-Executive and Independent Director. Your Company believes in a balanced governance structure with the separation of the posts of a chairperson and a chief executive officer. Your Company acknowledges that while all directors have equal fiduciary responsibilities, appointing a Non-Executive and Independent Director as Chairman of the Board facilitates better engagement of, and by, the Independent Directors on the Board. The number of Non-Executive Directors is more than 50% of the total number of Directors.



ICRA Limited**Corporate Governance Report**

In compliance with Regulation 17A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) none of the Directors of your Company are serving in more than eight listed entities and none of the Independent Directors of your Company serve as Independent Director in more than seven listed entities. It also specifies that the Managing Director or whole-time Director in any listed entity, would not serve as an Independent Director in more than three listed entities. The Whole-time Director of your Company does not serve as an Independent Director in any listed entity.

None of the Directors on the Board of your Company are members of more than 10 committees or chairpersons of more than five committees, considering all the companies in which they are named directors - in compliance with Regulation 26(1) of the Listing Regulations.

The composition of the Board as on the date of this report and the other directorships (inclusive of Board committee assignments with respect to the Company and other companies) held, as on the date of this report by each of the Directors, is set out in the following table:

Name of Director	Category of Director	Relationship with Other Directors inter se	Directorship in Other Companies ²	No. of Board Committee(s) of which he/she is a Member ³	No. of Board Committee(s) of which he/she is Chairman ³	Directorship in Other Companies (Category)
Mr. Arun Duggal DIN: 00024262	Chairman Non-Executive Independent Director	None	6	5	None	<ul style="list-style-type: none"> International Asset Reconstruction Co. Private Limited (Non-Executive Independent Director) ITC Limited (Non-Executive Independent Director) Mangalore Chemicals & Fertilizers Limited (Non-Executive Independent Director) Jubilant Pharma Limited, Singapore (Non-Executive Independent Director) Star Health and Allied Insurance Company Limited (Nominee Director) IIT Delhi Endowment Management Foundation (Director)
Ms. Ranjana Agarwal DIN: 03340032	Non-Executive Independent Director	None	6	6	1	<ul style="list-style-type: none"> Indo Rama Synthetics (India) Limited (Non-Executive Independent Director) ICRA Analytics Limited (Non-Executive Independent Director) Joyville Shapoorji Housing Private Limited (Non-Executive Independent Director) KDDL Limited (Non-Executive Independent Director) RBL Bank Limited (Non-Executive Independent Director) Ugro Capital Limited (Non-Executive Independent Director)



Corporate Governance Report

Name of Director	Category of Director	Relationship with Other Directors inter se	Directorship in Other Companies ²	No. of Board Committee(s) of which he/she is a Member ³	No. of Board Committee(s) of which he/she is Chairman ³	Directorship in Other Companies (Category)
Ms. Radhika Vijay Haribhakti DIN: 02409519	Non-Executive Independent Director	None	4	5	1	<ul style="list-style-type: none"> Mahanagar Gas Limited (Non-Executive Independent Director) EIH Associated Hotels Limited (Non-Executive Independent Director) Navin Fluorine International Limited (Non-Executive Independent Director) Rain Industries Limited (Non-Executive Independent Director)
Dr. Min Ye DIN: 06552282	Non-Executive Non-Independent Director	None	10	1	None	<ul style="list-style-type: none"> China Cheng Xin International Credit Rating Co., Limited (Director) Korea Investors Service, Inc. (Director) Moody's Asia Pacific Limited (Director) Moody's China (B.V.I.) Limited (Director) Moody's Investors Service (Beijing), Limited (Director) Moody's Investors Service (Korea) Inc. (Director) Moody's Investors Service India Private Limited (Director) Moody's Shared Services India Private Limited (Director) Moody's Singapore Pte Limited (Director) Moody's (China) Limited (Director)
Mr. Thomas John Keller Jr. DIN: 00194502	Non-Executive Non-Independent Director	None	None	None	None	None

ICRA Limited**Corporate Governance Report**

Name of Director	Category of Director	Relationship with Other Directors <i>inter se</i>	Directorship in Other Companies ²	No. of Board Committee(s) of which he/she is a Member ³	No. of Board Committee(s) of which he/she is Chairman ³	Directorship in Other Companies (Category)
Mr. David Brent Platt DIN:08424532	Non-Executive Non-Independent Director	None	8	None	None	<ul style="list-style-type: none"> Moody's Risk Assessments, Inc. (Sole Director & President) Moody's Risk Assessment Holdings, LLC (President) Moody's Holdings NL B.V. (Director) Moody's Group NL B.V. (Director) Yellow Maple I B.V. (Director) Yellow Maple II B.V. (Director) Yellow Maple Holding B.V. (Director) Bureau Van Dijk Electronic Publishing B.V. (Director)
Mr. Michael Foley ¹ DIN:08583960	Additional Director, Non-Executive Non-Independent Director	None	None	None	1	None
Mr. Amit Kumar Gupta ⁴ DIN:00352927	Additional Director, Wholetime Director	None	2	None	None	<ul style="list-style-type: none"> ICRA Lanka Limited (Non-Executive Director) ICRA Nepal Limited (Non-Executive Director)

*Notes:*¹Mr. Michael Foley was appointed as Additional Director with effect from October 25, 2019.²Including private companies and foreign companies³Including membership/chairmanship only of the Audit Committee(s) and Stakeholders Relationship Committee(s).⁴Mr. Amit Kumar Gupta was appointed as Additional Director with effect from February 07, 2020.

None of the Directors of your Company was holding any shares of your Company as on March 31, 2020.

(iii) Board Meetings/Annual General Meeting

During the year 2019-20, the Board of Directors of your Company met 12 times – on May 9, 2019, July 1, 2019, August 1, 2019, August 22, 2019, August 29, 2019, September 28, 2019, October 24, 2019, January 14, 2020, and February 6, 2020. The Agenda papers, along with the explanatory notes for the Board meetings, were sent in advance to the Directors. At some instances, documents were tabled at the meeting and presentations were also made by the respective executives to the meeting on matters within their respective functional areas or areas of expertise.

The previous Annual General Meeting was held on September 28, 2019. Details regarding the attendance of Directors at the Board Meetings and the Annual General Meeting held during the year 2019-20 are presented in the following table.



Corporate Governance Report

Name of the Director	Attended the last AGM held on September 28, 2019	Board Meetings			
		No. of meetings entitled to attend	No. of meetings attended	% of attendance	No. of meetings attended through video/audio conferencing
Mr. Arun Duggal	Yes	12	12	100%	Nil
Ms. Ranjana Agarwal	Yes	12	10	83%	Nil
Ms. Radhika V. Haribhakti	Yes	12	11	92%	Nil
Dr. Min Ye	Yes	12	8 [#]	67%	Nil
Mr. Thomas John Keller Jr.	Yes	12	9	75%	Nil
Mr. David Brent Platt	Yes	12	9	75%	Nil
Mr. Michael Foley ¹	NA	2	2	100%	Nil
Mr. Amit Kumar Gupta ¹	NA	NA	Nil	Nil	Nil
Mr. Navneet Agarwal ²	Yes	10	10	100%	Nil
Mr. Naresh Takkar ³	Yes	9	5	56%	Nil

¹Mr. Michael Foley and Mr. Amit Kumar Gupta were appointed as an Additional Director with effect from October 25, 2019 and February 7, 2020, respectively.

²Mr Navneet Agarwal ceased to be a Director with effect from October 25, 2019.

³Mr. Naresh Takkar ceased to be a Director with effect from September 28, 2019.

Not applicable: NA

*Directorate General of Civil Aviation, India, had issued a travel ban on China passport holders into India due to coronavirus outbreak, so Dr. Min Ye could not fly to India for February 6, 2020 meeting, and the Company could not arrange video conferencing facility on time given the last-minute nature of the incident.

The necessary quorum was present at all the meetings.

(iv) Membership Term and Retirement Policy

According to the Articles of Association of your Company, at every Annual General Meeting, one-third of such a number 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. As on the date of this report, there are three Directors on the Board of your Company whose office is liable to retire by rotation.

The Directors to retire by rotation at every Annual General Meeting would be those who have been in office for the longest period, since their last appointment, but between persons who became a Director on the same day, those who are to retire would (unless they otherwise agree among themselves) be determined by lots. A retiring Director shall be eligible for a 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. This Policy has been uploaded on the website of the Company at:

<https://www.icra.in/RegulatoryDisclosure>ShowCodePolicyReport/12>

All the members of the Board and the Senior Management personnel of your Company have affirmed their compliance with the Code of Conduct for the year ended March 31, 2020.

(vi) Familiarisation Programme for Independent Directors

In compliance with the Listing Regulations, your Company conducts a familiarisation programme for Independent Directors in which the Whole-time Director, Interim Chief Operating Officer, and the executives of Group ICRA entities CEOs apprise the Independent Directors of the Company's business model, the nature of the industry in which they operate, and their business environment, performance trends, operating/competitive issues and plans. The Company encourages Independent Directors

ICRA Limited**Corporate Governance Report**

to attend relevant external training programmes. At various Board meetings, presentations are made to the Board by external experts and/or a senior management of your Company on topics such as Indian economy, debt markets, global regulatory environments, and changes in the regulatory environment applicable to the Company and to the industry in which it operates. The details of the familiarisation programme have been disclosed on the website of the Company at:

https://www.icra.in/InvestorRelation/ShowCorpGovernanceReport/?Id=17&Title=Corporate%20Governance&Report=Familiarisation%20Programme_2018-19.pdf.

(vii) Skills, expertise and competence of the Board of Directors

The Board of Directors of your Company comprises professionals who bring to the fore a vast range of skills and experience from various sectors, which enhance the governance framework and the Board's decision-making. The Board is satisfied that the current composition reflects an appropriate mix of knowledge, skills, experience, diversity and competence required for the Board to function effectively. The Board has identified the below mentioned skills, expertise and attributes in the context of the Company's business and activities:



The Board of Directors who have such skills, expertise and competence are:

Name of the Director	General Management	Strategy	Corporate Governance	Financial Analysis and Reporting	Accounting & Financial Reporting	Risk Management	Regulatory Framework
Mr. Arun Duggal	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Radhika Vijay Haribhakti	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Ranjana Agarwal	Yes		Yes	Yes	Yes	Yes	Yes
Dr. Min Ye	Yes	Yes	Yes	Yes	Yes	Yes	
Mr. Thomas John Keller Jr.	Yes	Yes	Yes	Yes		Yes	
Mr. David Brent Platt	Yes	Yes	Yes	Yes	Yes	Yes	
Mr. Michael Foley	Yes	Yes	Yes	Yes		Yes	Yes
Mr. Amit Kumar Gupta	Yes		Yes				Yes

(viii) Independent Directors

In the opinion of the Board of Directors of your Company, the Independent Directors of the Company fulfil the conditions specified in the Listing Regulations and are independent of the management.



Corporate Governance Report

C. Board Committees

In compliance with requirements under the Companies Act, 2013, the Listing Regulations, and other applicable laws, the Board has constituted the following committees of the Board. The committees meet as often as necessary, subject to the minimum number and frequency stipulated by the Board of Directors or as prescribed under the Companies Act, 2013, and the Listing Regulations. The following table presents the composition of the various committees as on March 31, 2020 and the number of meetings held by each committee during the financial year 2019-20.

Committees	Composition	Chairperson's classification	% of Independent members	No. of meetings held
Audit Committee	<ul style="list-style-type: none"> Ms. Ranjana Agarwal, Chairperson Ms. Radhika Vijay Haribhakti Mr. Arun Duggal Dr. Min Ye 	ID	75%	7
Buy Back Committee	<ul style="list-style-type: none"> Mr. Arun Duggal Ms. Ranjana Agarwal 	NA	100%	0
Corporate Social Responsibility Committee	<ul style="list-style-type: none"> Ms. Ranjana Agarwal, Chairperson Mr. David Brent Platt Mr. Michael Foley 	ID	33.33%	2
Investment & Real Estate Committee	<ul style="list-style-type: none"> Ms. Ranjana Agarwal, Chairperson Ms. Radhika Vijay Haribhakti Mr. Michael Foley 	ID	66.67%	2
Nomination and Remuneration Committee	<ul style="list-style-type: none"> Ms. Radhika Vijay Haribhakti, Chairperson Ms. Ranjana Agarwal Dr. Min Ye 	ID	66.67%	8
Rating Sub-Committee	<ul style="list-style-type: none"> Mr. Michael Foley, Chairman Mr. Arun Duggal Dr. Min Ye 	NED	33.33%	1
Risk Management Committee	<ul style="list-style-type: none"> Mr. David Brent Platt, Chairman Ms. Ranjana Agarwal Ms. Radhika Vijay Haribhakti Mr. Thomas John Keller Jr. Mr. Michael Foley 	NED	40%	3
Stakeholders' Relationship Committee	<ul style="list-style-type: none"> Mr. Michael Foley, Chairman Ms. Ranjana Agarwal Mr. Arun Duggal 	NED	33.33%	1
Strategy Committee	<ul style="list-style-type: none"> Mr. Michael Foley, Chairman Ms. Ranjana Agarwal Mr. Arun Duggal 	NED	0%	1

ID-Independent Director

NED-Non-Executive Director

NA-Not Applicable

ICRA Limited

Corporate Governance Report

(i) Audit Committee

The terms of reference of the Audit Committee include:

A. Powers of Audit Committee

1. To investigate any activity within its terms of reference
2. To seek information from any employee
3. To obtain outside legal or other professional advice
4. To secure attendance of outsiders with relevant expertise, if it considers that necessary

B. Role of Audit Committee

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Review, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions; and
 - g. Modified opinion(s) in the draft audit report.
5. Review, with the management, the quarterly financial statements before submission to the Board for approval;
6. Review, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and make appropriate recommendations to the Board to take steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of the audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up thereon;
15. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;



Corporate Governance Report

16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit, as well as post-audit discussions to ascertain any area of concern;
17. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. Review the functioning of the whistle-blower mechanism;
19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Attend, through the Chairman, the Annual General Meeting of the Company, to answer shareholders' queries;
21. Review the utilisation of loans and/or advances from/investment by the Company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower, including existing loans/ advances/investments existing as on the date of coming into force of this provision i.e., April 1, 2019;
22. Carry out any other function as is mentioned in terms of reference of the Committee.

C. Review of Information by Audit Committee

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The terms of appointment, including remuneration, and removal of the chief internal auditor; and
6. Statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations
 - (b) annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the Listing Regulations

The Audit Committee consists of Non-Executive Directors, three of whom are Independent Directors. The Chairperson of the committee, Ms. Ranjana Agarwal, is an Independent Director.

The Audit Committee met seven times during the year 2019-20: on May 8, 2019, May 9, 2019, August 1, 2019, August 22, 2019, September 28, 2019, October 24, 2019, and February 6, 2020. The following table presents, besides the composition of the Audit Committee as on March 31, 2020, the details of attendance at the meetings held during the financial year 2019-20.

Composition of Audit Committee			Audit Committee meetings		
Name of the Director	Category	Position	No. of meetings entitled to attend	No. of meetings attended	% of attendance
Ms. Ranjana Agarwal	Non-Executive Independent Director	Chairperson	7	7	100%
Mr. Arun Duggal	Chairman, Non-Executive Independent Director	Member	7	7	100%
Ms. Radhika Vijay Haribhakti	Non-Executive Independent Director	Member	7	6	86%
Dr. Min Ye	Non-Executive Non-Independent Director	Member	7	5 [#]	71%

[#]Directorate General of Civil Aviation, India, had issued a travel ban on China passport holders into India due to coronavirus outbreak, so Dr. Min Ye could not fly to India for February 6, 2020 meeting, and the Company could not arrange video conferencing facility on time given the last-minute nature of the incident.

ICRA Limited

Corporate Governance Report

The necessary quorum was present at all the meetings.

The Company Secretary of your Company is the Secretary to the Audit Committee.

The Statutory and Internal Auditors of the Company are invitees to the Audit Committee meetings.

(ii) Buyback Committee

Your Company had constituted a Buyback Committee and authorised it to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, usual or proper, in relation to the buyback. The Buyback Committee did not meet this Financial Year.

The following table presents the composition of the Buyback Committee.

Composition of Buyback Committee		
Name of the Director	Category	Position
Mr. Arun Duggal	Non-Executive Independent Director	Member
Ms. Ranjana Agarwal	Non-Executive Independent Director	Member
Mr. Naresh Takkar ¹	Executive Director	Member

¹Mr. Naresh Takkar ceased to be member with effect from August 29, 2019.

(iii) Corporate Social Responsibility Committee

Your Company has constituted the Corporate Social Responsibility (CSR) Committee to comply with the requirements under Section 135 (1) of the Companies Act, 2013. The CSR Committee is headed by an Independent Director.

The terms of reference of the CSR Committee include:

- recommend projects to be undertaken as well as allocation of funds to the Board
- recommend the amount of expenditure to be incurred on the activities referred to in corporate social responsibility policy
- submit an annual report on corporate social responsibility to the Board
- monitor the implementation of corporate social responsibility policy from time to time and set up a transparent monitoring mechanism in relation to the same
- conduct an impact analysis once in two years and report the same to the Board
- review the CSR policy annually and recommend any proposed changes to the Board for approval
- review and assess the adequacy of the Charter for the Committee periodically, and recommend appropriate changes to the Charter to the Board for approval

During the year 2019-20, the CSR Committee met twice: May 8, 2019, and October 24, 2019.

The following table presents the composition of the CSR Committee as on March 31, 2020 and the details of attendance at the CSR Committee meeting held during the year 2019-20.

Composition of Corporate Social Responsibility Committee			Corporate Social Responsibility Committee Meeting		
Name of the Director	Category	Position	No. of meetings entitled to attend	No. of meetings attended	% of attendance
Ms. Ranjana Agarwal	Non-Executive Independent Director	Chairperson	2	2	100%
Mr. David Brent Platt ¹	Non-Executive Non-Independent Director	Member	1	1	100%



Corporate Governance Report

Composition of Corporate Social Responsibility Committee			Corporate Social Responsibility Committee Meeting		
Name of the Director	Category	Position	No. of meetings entitled to attend	No. of meetings attended	% of attendance
Mr. Michael Foley ¹	Non-Executive Non-Independent Director	Member	N.A.	N.A.	N.A.
Mr. Navneet Agarwal ²	Non-Executive Non-Independent Director	Member	2	2	100%
Mr. Naresh Takkar ³	Executive Director	Member	1	1	100%

¹Mr. David Brent Plat and Michael Foley were appointed as members with effect from August 29, 2019 and October 25, 2019, respectively.

²Mr. Navneet Agarwal ceased to be a member with effect from October 25, 2019.

³Mr. Naresh Takkar ceased to be a member with effect from August 29, 2019.

The necessary quorum was present at all the meetings.

The Company Secretary of your Company is the Secretary to the CSR Committee.

(iv) Investment & Real Estate Committee

The Board of Directors of your Company has formed the Investment & Real Estate Committee, headed by Ms. Ranjana Agarwal, Independent Director.

The Investment & Real Estate Committee met twice during the year 2019-20: on May 8, 2019, and August 1, 2019.

The following table presents the composition of the Investment & Real Estate Committee as on March 31, 2020 and the details of attendance at the committee meeting held during the year 2019-20.

Composition of Investment & Real Estate Committee			Investment & Real Estate Committee Meeting		
Name of the Director	Category	Position	No. of meetings entitled to attend	No. of meetings attended	% of attendance
Ms. Ranjana Agarwal	Non-Executive Independent Director	Chairperson	2	2	100%
Dr. Min Ye ¹	Non-Executive Non-Independent Director	Member	2	2	100%
Mr. Naresh Takkar ²	Executive Director	Member	2	2	100%
Ms. Radhika Vijay Haribhakti ³	Non-Executive Independent Director	Member	N.A.	N.A.	N.A.
Mr. Michael Foley ³	Non-Executive Non-Independent Director	Member	N.A.	N.A.	N.A.

¹Dr. Min Ye ceased to be the member with effect from February 7, 2020.

²Mr. Naresh Takkar ceased to be the member with effect from August 29, 2019.

³Ms. Radhika Vijay Haribhakti and Mr. Michael Foley were appointed as member with effect from August 29, 2019 and February 7, 2020, respectively.

The necessary quorum was present at all the meetings.

The Company Secretary of your Company is the Secretary to the Investment & Real Estate Committee.

ICRA Limited

Corporate Governance Report

(v) Nomination and Remuneration Committee

The Board of Directors of your Company has formed the Nomination and Remuneration Committee, headed by Ms. Radhika Vijay Haribhakti, Independent Director.

The terms of reference of the Nomination and Remuneration Committee include:

- a) identify persons who are qualified to become Directors and who can be appointed in senior management and recommend to the Board their appointment and removal
- b) recommend to the Board the policy relating to remuneration for the Directors, Key Managerial Personnel and other employees ensuring that:
 - (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully
 - (ii) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks, and
 - (iii) the remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals
- c) recommend to the Board all remuneration, in whatever form, payable to senior management
- d) review the Company's succession plan on an annual basis and recommend to the Board for approval
- e) formulate the criteria for evaluation of Independent Directors and the Board
- f) specify the manner for effective evaluation of performance of the Board, its committees and individual Directors to be carried out either by the Board, by the Committee or by any an independent external agency and review its implementation and compliance
- g) devise the policy on Board diversity
- h) formulate the criteria for determining qualifications, positive attributes and independence of a Director
- i) attend through the chairperson, the general meeting of the Company to answer shareholders' queries
- j) formulate detailed terms and conditions of any employee stock option scheme in terms of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, and other applicable laws
- k) determine the eligibility of an employee for participation under any employee stock option scheme and grant options thereunder based on, inter alia, the following criteria:
 - (i) Performance of the employee in contributing to business results, organisational strength and market position of the Company
 - (ii) Employee's potential and criticality to the role(s) assigned
 - (iii) Level in the Company/Subsidiary, and
 - (iv) Any other criteria that may be determined by the Committee from time to time
- l) determine the quantum of options to be granted under any employee stock option scheme per employee and in aggregate
- m) determine the number of shares to be covered by each such option granted under any employee stock option scheme
- n) approve forms of agreement for use under any employee stock option scheme
- o) establish and administer terms, conditions, performance criteria, restrictions, limitations, exercise period, forfeiture or vesting or exercise schedule and other provisions of or relating to any option granted under any employee stock option scheme, including conditions for lapse of options and to specify and determine such additional terms, conditions and restrictions not inconsistent with the terms of any employee stock option scheme and/or any options as may be deemed necessary or appropriate to ensure compliance with the applicable laws



Corporate Governance Report

- p) grant waiver of and variations in the terms, conditions, restrictions and limitations under any employee stock option scheme and amend or adjust the terms and conditions of any option outstanding thereunder, correct any errors, supply any omissions or reconcile any inconsistencies in any employee stock option scheme, any employee stock option agreement or any other instrument relating to any options granted pursuant to any employee stock option scheme
- q) formulate the conditions under which any options granted pursuant to any employee stock option scheme that have vested in employees may lapse in case of termination of employment for misconduct
- r) construe and interpret any ambiguous provisions/terms of any employee stock option scheme, any employee stock option agreement and any other instrument relating to any options and decide all questions relating thereto
- s) appoint such agents as it shall deem appropriate for the proper administration of any employee stock option scheme
- t) frame suitable policies and systems to ensure that there is no violation of the applicable laws including the SEBI (Prohibition of Insider Trading) Regulations, 2015, and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, by any employee
- u) make any other determination and take any other action that it or the Board may deem necessary or desirable for the administration of any employee stock option scheme including the actions required under the regulations framed by SEBI and other applicable laws
- v) Review and assess the adequacy of the Charter for the Committee periodically and recommend appropriate changes to the Charter to the Board for approval.

The Nomination and Remuneration Committee consists of three Non-Executive Directors, two of whom are Independent Directors. The Chairperson of the Committee, Ms. Radhika Vijay Haribhakti, is an Independent Director.

The Nomination and Remuneration Committee met eight times during the year 2019-20: on May 9, 2019, July 1, 2019, August 1, 2019, August 29, 2019, September 28, 2019, October 24, 2019, January 14, 2020, and February 6, 2020.

The following table presents the composition of the Nomination and Remuneration Committee as on March 31, 2020 and the details of attendance at the meetings held during the financial year 2019-20.

Composition of Nomination and Remuneration Committee			Nomination and Remuneration Committee Meetings		
Name of the Director	Category	Position	No. of meetings entitled to attend	No. of meetings attended	% of attendance
Ms. Radhika Vijay Haribhakti	Non-Executive Independent Director	Chairperson	8	8	100%
Ms. Ranjana Agarwal	Non-Executive Independent Director	Member	8	7	88%
Mr. Thomas John Keller Jr. ¹	Non-Executive Non-Independent Director	Member	6	6	100%
Dr. Min Ye ²	Non-Executive Non-Independent Director	Member	2	0	0%

¹Mr. Thomas John Keller Jr. ceased to be member with effect from October 25, 2019.

²Dr. Min Ye was appointed as member with effect from October 25, 2019.

The necessary quorum was present at all the meetings.

The Company Secretary of your Company is the Secretary to the Nomination and Remuneration Committee.

ICRA Limited**Corporate Governance Report****Performance Evaluation Criteria for Independent Directors**

The Board of Directors of your Company, based on the recommendations of the Nomination and Remuneration Committee of your Company, has laid down the criteria for performance evaluation of Independent Directors, which covers the areas relevant to their functioning as Independent Directors of the Company.

Remuneration Policy

The Board of Directors of your Company, based on the recommendation of the Nomination and Remuneration Committee, has devised a Remuneration Policy designed to attract, motivate, improve productivity and retain valuable talent, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement. The Remuneration Policy shall act as a guideline for determining, *inter alia*, the qualifications, positive attributes and independence of a Director, and matters relating to the remuneration, appointment, removal and evaluation of performance of Directors, key managerial personnel, senior management and other employees. The Remuneration Policy has been uploaded on the website of your Company at: https://www.icra.in/InvestorRelation>ShowCorpGovernanceReport/?Id=39&Title=Corporate%20Governance&Report=ICRA_Remuneration%20Policy_May%209,%202019.pdf

Executive Directors

During the year 2019-20, your Company paid remuneration to its Executive Directors within the limits envisaged under the applicable provisions of the Companies Act, 2013 and the rules made thereunder. The remuneration mix for the Executive Directors shall be as per their terms of appointments approved by the members of the Company, which shall include fixed pay, deferred pay and perquisites.

Remuneration Paid/Payable to Executive Director/erstwhile Executive Director for the year ended March 31, 2020

(in Rupees lakh)		
Name	Mr. Amit Kumar Gupta ¹	Mr. Naresh Takkar ²
Designation	Whole-time Director and General Counsel	Erstwhile Managing Director & Group CEO
Salary	3.60	40.95
Allowances	10.51	113.98*
Perquisites	0.04	0.10
Commission**	-	19.34
Provident Fund Contribution	0.43	4.92
Gratuity	@	20.00
Compensated absences	@	10.69
Total Remuneration	14.58	209.98
Appointment Valid Till	February 6, 2021	Not Applicable
Notice Period	One month	Not Applicable
No. of Stock Options Granted During the Year	Nil	Nil

¹Mr. Amit Kumar Gupta was appointed as Additional, Whole-Time Director with effect from February 07, 2020.

²Mr. Naresh Takkar's employment was terminated effective from August 29, 2019.

@As the liabilities for gratuity and compensated absences are provided on an actuarial basis for the Company as a whole, the amounts pertaining to that are not included above.

*The payment of incentive for the FY 2019-20, shall be decided by the Board. However, the Company has made a provision for the same in the FY 2019-20.

**The payment of commission for the FY 2019-20, within the approved limit, shall be decided by the Board. However, the Company has made a provision for the same in the FY 2019-20.

***Employees Stock Options expense in Statement of Profit & Loss is Rupees Nil.



Corporate Governance Report

Non-Executive Directors

Remuneration for Independent Directors

The Independent Directors receive remuneration by way of fees for attending meetings of Board or Committee thereof, as recommended by the Committee and approved by the Board from time to time, subject to the limit defined under the Companies Act, 2013 and rules made thereunder.

The Independent Directors are also paid remuneration by way of commission as recommended by the Committee and as approved by the Board of Directors within the limit specified by the members and computed in accordance with the applicable provisions of the Companies Act, 2013 and the rules made thereunder.

Save as set out above, the Independent Directors shall not be entitled to any other form of remuneration from the Company.

Remuneration for Non-Executive, Non-Independent Directors (Including Nominee Directors)

The Non-Executive, Non-Independent Directors will be paid remuneration by way of a sitting fee for each meeting attended of the Board or of a Board committee, as recommended by the Committee and as approved by the Board of Directors within the limit specified under the Companies Act, 2013 and the rules made thereunder. The Non-Executive Directors may also be paid a remuneration by way of certain share of the net profit, as recommended by the Committee and as approved by the Board of Directors within the limit specified by the members and computed in accordance with the applicable provisions of the Companies Act, 2013, and the rules made thereunder.

Sitting fees and commission paid to Non-Executive Directors including Independent and Non-Independent Directors during the year 2019-20

(in Rupees lakh)

Name of Director	Sitting Fee paid	Commission paid
Mr. Arun Duggal	11.20	25.00
Ms. Ranjana Agarwal	15.20	20.00
Ms. Radhika Vijay Haribhakti	13.40	20.00
Dr. Min Ye	Nil*	Nil*
Mr. Thomas John Keller Jr.	Nil*	Nil*
Mr. Navneet Agarwal ¹	Nil*	Nil*
Mr. David Brent Platt ²	Nil*	Nil*
Mr. Michael Foley ²	Nil*	Nil*

*Non-Executive Non-Independent Directors have waived sitting fee and commission payable to them for the financial year 2019-20.

¹Mr. Navneet Agarwal ceased to be a Director with effect from October 25, 2019.

²Mr. David Brent Platt and Mr. Michael Foley were appointed as Director with effect from April 30, 2019 and October 25, 2019, respectively.

Except for your Company's Executive Director, who is entitled to statutory benefits upon cessation of his employment with your Company, no other Director is entitled to any benefit upon cessation of his/her association with your Company.

ICRA Limited**Corporate Governance Report****(vi) Stakeholders Relationship Committee**

The Board of Directors of your Company has formed the Stakeholders Relationship Committee.

The terms of reference of the Stakeholders Relationship Committee include:

- (a) look into various aspects of interest of shareholders, debenture holders, and other security holders.
- (b) resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- (c) review measures taken by the Company for effective exercise of voting rights by shareholders.
- (d) review adherence to the service standards adopted by the Company in respect of the various services being rendered by the registrar and share transfer agent of the Company.
- (e) review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
- (f) review and assess the adequacy of the Charter for the Committee periodically and recommend appropriate changes to the Charter to the Board for approval.

The Stakeholders Relationship Committee consists of three Directors. The Chairman of the Committee, Mr. Michael Foley, is a Non-Executive, Non-Independent Director.

The Stakeholders Relationship Committee met once during the year 2019-20: on October 24, 2019.

The following table presents the composition of the Stakeholders Relationship Committee as on March 31, 2020 and the details of attendance at the Committee meeting held during the year 2019-20.

Composition of Stakeholders Relationship Committee			Stakeholders Relationship Committee Meetings		
Name of the Director	Category	Position	No. of meetings entitled to attend	No. of meetings attended	% of attendance
Mr. Michael Foley ¹	Non-Executive Non-Independent Director	Chairman	N.A.	N.A.	N.A.
Ms. Ranjana Agarwal	Non-Executive Independent Director	Member	1	1	100%
Mr. Arun Duggal ²	Non-Executive Independent Director	Member	1	1	100%
Mr. Navneet Agarwal ³	Non-Executive Non-Independent Director	Chairman	1	1	100%
Mr. Naresh Takkar ⁴	Executive Director	Member	N.A.	N.A.	N.A.

¹Mr. Michael Foley was appointed as Chairperson of the Stakeholders Relationship Committee with effect from October 25, 2019.

²Mr. Arun Duggal was appointed as member with effect from August 29, 2019.

³Mr. Navneet Agarwal ceased to be the Chairman and member of the Stakeholders Relationship Committee with effect from October 25, 2019.

⁴Mr. Naresh Takkar ceased to be the member with effect from August 29, 2019.



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The necessary quorum was present at the meetings.

Mr. S. Shakeb Rahman, Company Secretary & Compliance Officer, is the Secretary to the Stakeholders Relationship Committee.

The Company Secretary of your Company is the Compliance Officer.

Your Company received 24 complaints from Shareholders/Investors during the financial year 2019-20. All 24 complaints were redressed to the satisfaction of the Shareholders/Investors and no complaint was pending as on March 31, 2020.

The details of the complaints received and resolved during the financial year 2019-20 are as follows:

S. No.	Complaint relating to/received from	Pending as on April 1, 2019	Received during the year	Resolved during the year	Pending as on March 31, 2020
1.	Transfer/Transmission/Split/Duplicate Share Certificates	Nil	Nil	Nil	Nil
2.	Non-receipt of Dividend	Nil	8	8	Nil
3.	Dematerialisation/Re-materialisation of Shares	Nil	Nil	Nil	Nil
4.	Complaint received from:				
	(a) Securities and Exchange Board of India/ SCORES	Nil	Nil	Nil	Nil
	(b) Stock Exchanges:				
	(i) BSE Limited (BSE)	Nil	1*	1*	Nil
	(ii) National Stock Exchange of India Limited (NSE)	Nil	Nil	Nil	Nil
	(c) Registrar of Companies (ROC)	Nil	Nil	Nil	Nil
5.	Legal	Nil	Nil	Nil	Nil
6.	Non-receipt of Refund Order	Nil	Nil	Nil	Nil
7.	Non-receipt of Electronic Credits	Nil	Nil	Nil	Nil
8.	Non-receipt of Annual Report	Nil	13	13	Nil
9.	Miscellaneous	Nil	2	2	Nil
	Total	Nil	24	24	Nil

*non-receipt of Annual Report

Your Company has registered itself on SCORES and makes every effort to resolve all investor complaints received through SCORES or otherwise within the statutory time limit since the receipt of the complaint. During the year 2019-20, the Company received nil complaint through SCORES.

(vii) Strategy Committee

The Board of Directors of your Company has formed a Strategy Committee, headed by Dr. Min Ye, Non-Executive, Non-Independent Director.

The Strategy Committee met once during the year 2019-20: on August 1, 2019.

The following table presents the composition of the Strategy Committee as on March 31, 2020 and the details of attendance at the Committee meeting held during the year 2019-20.

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Composition of Strategy Committee			Strategy Committee Meeting		
Name of the Director	Category	Position	No. of meetings entitled to attend	No. of meetings attended	% of attendance
Dr. Min Ye ¹	Non-Executive Non-Independent Director	Chairman	1	1	100%
Mr. Thomas John Keller Jr. ²	Non-Executive Non-Independent Director	Member	1	1	100%
Mr. David Brent Platt ³	Non-Executive Non-Independent Director	Member	1	1	100%
Mr. Naresh Takkar ⁴	Executive Director	Member	1	1	100%

¹Dr. Min Ye was appointed as Chairman of the Strategy Committee with effect from October 25, 2019.

²Mr. Thomas John Keller Jr. continued to serve as a member of the Strategy Committee with effect from October 25, 2019; prior to this date Mr. Keller was the Chairman of the Strategy Committee.

³Mr. David Brent Platt was appointed as member of the Strategy Committee with effect from May 9, 2019.

⁴Mr. Naresh Takkar ceased to be the member of the Strategy Committee with effect from August 29, 2019.

The necessary quorum was present at the meeting.

The Company Secretary of your Company is the Secretary to the Strategy Committee.

(viii) Risk Management Committee

The Board of Directors of your Company has formed a Risk Management Committee, headed by Mr. David Brent Platt, Non-Executive Director.

The terms of reference of the Risk Management Committee include:

- a. review and approve the risk management framework of the Company.
- b. review and assess the effectiveness of the Company's enterprise-wide risk assessment processes and recommend improvements, where appropriate.
- c. review, as appropriate, management's corrective actions for deficiencies that arise with respect to the effectiveness of the Company's enterprise-wide risk assessment programs.
- d. evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner (including one-off initiatives, and ongoing activities such as cyber security, business continuity planning and disaster recovery planning and testing).
- e. obtain reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed.
- f. coordinate its activities with the audit committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice).
- g. form and delegate authority to sub-committees when appropriate.
- h. make regular reports to the Board, including with respect to risk management and minimization procedures.
- i. monitor all enterprise risks; in doing so, the Committee recognises the responsibilities delegated to other Board committees by the Board and understands that the other Board committees may emphasise specific risk monitoring through their respective activities.
- j. review risk management policy annually and recommend any proposed changes to the Board for approval.
- k. have access to any internal information necessary to fulfill its oversight role. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.



Corporate Governance Report

- I. review and assess the adequacy of the Charter for the Committee periodically and recommend appropriate changes to the Charter to the Board for approval.

The Risk Management Committee consists of five Non-Executive Directors, two of whom are Independent Directors. The committee is headed by Mr. David Brent Platt, Non-Executive Director.

The Risk Management Committee met thrice during the year 2019-20: on May 8, 2019, August 1, 2019, and February 6, 2020.

The following table presents the composition of the Risk Management Committee as on March 31, 2020 and the details of attendance at the Committee meeting held during the year 2019-20.

Composition of Risk Management Committee			Risk Management Committee Meetings		
Name of the Director	Category	Position	No. of meetings entitled to attend	No. of meetings attended	% of attendance
Mr. David Brent Platt ¹	Non-Executive Non-Independent Director	Chairman	2	2	100%
Ms. Ranjana Agarwal	Non-Executive Independent Director	Member	3	3	100%
Ms. Radhika Vijay Haribhakti	Non-Executive Independent Director	Member	3	2	67%
Mr. Thomas John Keller Jr. ²	Non-Executive Non-Independent Director	Member	3	3	100%
Mr. Michael Foley ³	Non-Executive Non-Independent Director	Member	1	1	100%
Mr. Navneet Agarwal ⁴	Non-Executive Non-Independent Director	Member	2	2	100%
Mr. Naresh Takkar ⁴	Executive Director	Member	2	2	100%

¹Mr. David Brent Platt appointed as a member with effect from May 9, 2019 and chairman of the Risk Management Committee with effect from February 7, 2020.

²Mr. Thomas John Keller Jr. continued to serve as a member of the Risk Management Committee with effect from February 7, 2020; prior to this date Mr. Keller was the Chairman of the Risk Management Committee.

³Mr. Michal Foley was appointed as member of the Risk Management Committee on October 25, 2019.

⁴Mr. Navneet Agarwal and Mr. Naresh Takkar ceased to be a member of the Risk Management Committee with effect from October 25, 2019 and August 29, 2019, respectively.

The necessary quorum was present at all the meetings.

The Company Secretary of your Company is the Secretary to the Risk Management Committee.

(ix) Ratings Sub – Committee

The Board of Directors of your Company has formed the Ratings Sub-Committee, headed by Mr. Michael Foley, Non-Executive Director.

The terms of reference of the Ratings Sub-Committee include:

- i. Reviewing ratings activity which could include, for example, instances of default by rated issuers or issuances, instances of rapid rating migration, rating performance measures and metrics, assessments of contagion and correlation risk, and comparative market views (including other credit rating agencies);
- ii. Reviewing reports on the effectiveness of ICRA's policies and procedures for determining credit ratings, and the effectiveness of internal controls as they relate to the credit rating process;

ICRA Limited**Corporate Governance Report**

- iii. Reviewing the process for developing, vetting, and approving methodologies and analytical methods, including quantitative data and models, that ICRA uses to determine credit ratings;
- iv. Reviewing the establishment, maintenance, and enforcement of ICRA's policies and procedures to address, manage, and disclose any conflicts of interest;
- v. Reviewing, with the management, report of external audit of rating process;
- vi. Reviewing reports and findings from the credit policy function;
- vii. Reviewing the compensation and promotion policies of ICRA to assess consistency with commercial/analytic separation and rating quality objectives;
- viii. Reviewing the reports submitted by the chairperson(s) of each rating committee on an annual basis which would, *inter alia*, include:
 - a. Ratings assigned by the rating committees
 - b. Sharp changes in ratings
- ix. Reviewing and assessing the adequacy of the Charter for the Ratings Sub-Committee periodically and recommending appropriate changes to the Charter to the Board for approval.

The Ratings Sub-Committee met once during the year 2019-20 on February 06, 2020.

The following table presents the composition of the Ratings Sub-Committee as on March 31, 2020 and the details of attendance at the Committee meeting held during the year 2019-20.

Composition of Ratings Sub-Committee			Ratings Sub - Committee Meeting		
Name of the Director	Category	Position	No. of meetings entitled to attend	No. of meetings attended	% of attendance
Mr. Michael Foley	Non-Executive Non-Independent Director	Chairman	1	1	100%
Mr. Arun Duggal	Non-Executive Independent Director	Member	1	1	100%
Dr. Min Ye	Non-Executive Non-Independent Director	Member	1	0 [#]	0%

[#]Directorate General of Civil Aviation, India, had issued a travel ban on China passport holders into India due to coronavirus outbreak, so Dr. Min Ye could not fly to India for February 6, 2020 meeting, and the Company could not arrange video conferencing facility on time given the last-minute nature of the incident.

D. Subsidiary Companies Monitoring Framework

All subsidiary companies of your Company are Board-managed, with their respective Boards of Directors having the rights and obligations to manage such companies in the best interest of their stakeholders. The Company monitors the performance of its subsidiary companies using, *inter alia*, the following means:

- (a) Financial statements, in particular the investments made by the unlisted subsidiary companies, are reviewed quarterly by the Audit Committee of the Company.
- (b) Minutes of all the Board meetings of the unlisted subsidiary companies are placed regularly before the Board of Directors at the Board Meetings of the Company.
- (c) A statement containing all the significant transactions and arrangements entered into by the unlisted subsidiary companies is placed regularly before the Board of Directors at the Board Meetings of the Company.



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E. 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	Special Resolution Passed by Members during the Annual General Meetings
Twenty-Sixth Annual General Meeting	August 3, 2017 at 15:00 hours	Air Force Auditorium, Subroto Park; New Delhi 110 010	No Special Resolution was proposed and passed
Twenty-Seventh Annual General Meeting	August 9, 2018 at 15:00 hours		The following Special Resolutions were passed by the Members: <ul style="list-style-type: none"> • Approval of Employee Stock Options Scheme, 2018 and grant of stock options to the Eligible Employees/ Directors of the Company under the scheme. • Approval of Employee Stock Options Scheme, 2018 and grant of stock options to the Eligible Employees/ Directors of the Company's subsidiaries under the scheme.
Twenty-Eighth Annual General Meeting	September 28, 2019 at 15:30 hours	Sri Sathya Sai International Centre, Bhisham Pitamah Marg, Lodhi Road, New Delhi-110003	The following Special Resolutions were passed by the Members: <ul style="list-style-type: none"> • Reappointment of Mr. Arun Duggal as an Independent Director of the Company for second term. • Reappointment of Ms. Ranjana Agarwal as an Independent Director of the Company for second term. • Reappointment of Ms. Radhika Vijay Haribhakti as an Independent Director of the Company for second term.

Postal Ballot

During 2019-20, no special resolution was passed through Postal Ballot. No special resolution is proposed to be conducted through postal ballot as of now.

F. Disclosures

(i) Related-Party Transactions

There have been no materially significant related-party transactions, pecuniary transactions or relationships between your Company and the Directors, the Management, subsidiary companies or related parties that may have a potential conflict with the Company's interest. Other related-party transactions are disclosed in the financial statements for the year ended March 31, 2020. As required under Schedule V of the Listing Regulations, the Company has formulated a policy on dealing with Related Party Transactions, which has been uploaded on the website of the Company at:

<https://www.icra.in/RegulatoryDisclosure>ShowCodePolicyReport/4>.

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(ii) Details of Non-Compliance

Please refer to the disclosures pertaining to certain ongoing matters, as provided under 'Update regarding certain ongoing matters' in the Directors Report of the Board of Directors, which are self-explanatory.

(iii) Whistle Blower Policy

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 read with Schedule V of the Listing Regulations, your Company has adopted a Whistle Blower Policy, for use by your Company, with a view to establishing a vigil mechanism whereby all the stakeholders, Directors and employees, are encouraged to report illegal, unethical or improper activities through established channels, enabling an ethical and corruption-free work environment and at the same time safeguarding stakeholders, Directors and employees against victimisation. All unethical malpractices reported via the hotline or otherwise are thoroughly investigated, to the extent possible. The Whistle Blower Policy does not release stakeholders, Directors or employees from their duty of confidentiality in the course of their work, nor can it be used as a route for taking up a grievance about a personal situation. The said mechanism also provides for adequate safeguards against victimisation of persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in exceptional cases. Further, no stakeholders have been denied access to the Audit Committee. The said Whistle Blower Policy has been uploaded on the website of the Company at:

<https://www.icra.in/RegulatoryDisclosure>ShowCodePolicyReport/3>

(iv) Policy for determining 'material' subsidiaries

As required under Regulation 16 (1) (c) of the Listing Regulations, the Company has formulated a Policy for determining the 'material' subsidiaries, which has been uploaded on the Company's website at:

<https://www.icra.in/RegulatoryDisclosure>ShowCodePolicyReport/5>.

(v) Materiality Policy

As required under Regulation 30(4)(ii) of the Listing Regulations, the Company has formulated a policy for determination of materiality of an event or information for disclosures to the stock exchanges. Further, according to this Policy, any transaction, event or information relating to the Company and/or its subsidiaries that might fall within the section-scope is to be reported immediately by the employees of the Company and/or its subsidiaries to either the Group CFO or the General Counsel of the Company. The Group CFO and the General Counsel together will determine the materiality of the event/information in consultation with the Managing Director & Group CEO. The Group CFO and the General Counsel will ensure that adequate disclosures with respect to such material events/information are made to the stock exchanges within the timeline prescribed under the Listing Regulations. This Policy has been uploaded on the website of the Company at:

<https://www.icra.in/RegulatoryDisclosure>ShowCodePolicyReport/8>.

(vi) Record Retention and Archival Policy

As required under the Listing Regulations, the Company has formulated a Policy on the preservation and archiving of documents, which has been uploaded on the website of the Company at:

<https://www.icra.in/RegulatoryDisclosure>ShowCodePolicyReport/9>

(vii) Adoption of Mandatory and Discretionary Requirements

The Listing Regulations prescribe various corporate governance recommendations in line with the Corporate Governance Committee constituted by the SEBI.

During the year 2019-20, your Company complied with all the mandatory requirements of the Listing Regulations. The Company has also complied with the following discretionary requirements under Regulation 27(1) of the Listing Regulations:

- (i) Reporting of Internal Auditor: The Internal Auditors of the Company directly report to the Audit Committee.
- (ii) Board: The Chairman being a Non-Executive and Independent Director. Effective from April 1, 2020, a part of the expenses for maintaining the office will be reimbursed to the Chairman.



Corporate Governance Report

(viii) Management Discussion and Analysis Report

The Management Discussion and Analysis Report is annexed and forms a part of the Annual Report.

(ix) Separate meeting of Independent Directors

In compliance with Regulation 25(3) of the Listing Regulations, one separate meeting of the Independent Directors of the Company was held on February 6, 2020, without the attendance of the Executive Director, Non-Independent Directors and members of management. All the Independent Directors attended the said meeting.

(x) Policy on Board Diversity

The Board of Directors of your Company, based on the recommendations of the Nomination and Remuneration Committee of your Company, has devised a policy on Board Diversity to ensure broad experience and diversity on the Board.

(xi) Performance Evaluation

The Board of Directors of your Company, based on the recommendations of the Nomination and Remuneration Committee of your Company, has laid down the criteria for performance evaluation of Independent Directors and other directors, the Committees of the Board and the Board of Directors as a whole. The criteria for performance evaluation covers the areas relevant to the functioning of individual directors as independent directors or other directors, as members of the Board and as members of the Committees of the Board.

(xii) Disclosures in relation to complaints relating to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The disclosures in relation to Anti-Sexual Harassment Policy and constitution of Internal Complaints Committee have been made in the Directors' Report. As required under the Listing Regulations, the disclosures in relation to complaints relating to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are provided below:

- a. number of complaints filed during the financial year: One
- b. number of complaints disposed of during the financial year: One
- c. number of complaints pending as on end of the financial year: Nil

The above-referenced complaint was not pursued further by the Internal Committee constituted under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the absence of critical information required under the Company's policy on prevention of sexual harassment. The said compliant was treated as resolved.

(xiii) Disclosures relating to fees paid/payable to statutory auditors

Total fees for all services paid/payable for the financial year 2019-20 by your Company and its subsidiaries in India to BSR & Co. LLP, Chartered Accountants (including all entities in network firm/network entity), on a consolidated basis are as under.

Particulars	Amount (Rupees In lakh)
Audit fees	36.32
Additional audit fee*	201.96
Limited review fees	17.79
Tax audit fees	11.46
Other certification services fees	1.15
Reimbursement of expenses	5.77
Total	274.45

*Approved by the Board of Directors, based on the claim received from auditors towards incremental efforts incurred by them on the ongoing regulatory matters.

ICRA Limited

Corporate Governance Report

(xiv) Certificate from Company Secretary in practice

As required under Schedule V of the Listing Regulations, your Company has obtained a certificate from a company secretary in practice, that none of the Directors on the Board of your Company as on March 31, 2020 are debarred or disqualified from being appointed or continuing as Directors of your Company by the Securities and Exchange Board of India or the Ministry of Corporate Affairs, or any such authority. A certificate from a company secretary in practice for the financial year 2019-20 has been annexed to this report.

(xv) Disclosure regarding Commodity price risk and hedging activities

Your Company is not exposed to any commodity price risk and hence the disclosures under Regulation 34(3) read with clause 9(n) of Part C of Schedule V of Listing Regulations is not applicable.

The detailed discussion of the Company's risks and concern are provided in the Management Discussion & Analysis Report.

(xvi) Disclosures with respect to demat suspense account/ unclaimed suspense account

There are no shares lying in the demat suspense account or unclaimed suspense account, therefore, disclosures in terms of Regulation 39 (4) of the Listing Regulations read with Schedule V are not applicable.

Means of Communication

1. Your Company's corporate website www.icra.in has an Investors section, which provides comprehensive information to members. The quarterly and annual financial results are available there.
2. The quarterly and annual financial results of the Company 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) and on the websites of BSE Limited (www.bseindia.com) and the National Stock Exchange of India Limited (www.nseindia.com).
3. The official news releases issued by the Company, including presentations made to institutional investors and to analysts, are also displayed on the Company's website www.icra.in. As required under Regulation 46 of the Listing Regulations, your Company maintains a functional website www.icra.in, which, *inter alia*, presents the following information in compliance with the said Regulation:
 - (a) Details of business
 - (b) Terms and conditions of appointment of independent directors
 - (c) Composition of various committees of board of directors
 - (d) Code of conduct of board of directors and senior management personnel
 - (e) Details of establishment of vigil mechanism/whistle blower policy
 - (f) Criteria of making payments to non-executive directors
 - (g) Policy on dealing with related party transactions
 - (h) Policy for determining 'material' subsidiaries
 - (i) Details of familiarisation programmes imparted to independent directors
 - (j) Contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances
 - (k) Email address for grievance redressal and other relevant details
 - (l) Financial results
 - (m) Shareholding pattern
 - (n) Details of agreements, if any, entered into with the media companies and/or their associates
 - (o) New name and the old name of the Company
 - (p) separate audited financial statements of each subsidiary



Corporate Governance Report

G. Disclosure of Compliance with Corporate Governance

Particulars	Regulation	Compliance status (Yes/No/NA)
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
Board composition	17(1), 17(1A) & 17(1B)	Yes
Meeting of board of directors	17(2)	Yes
Quorum of board meeting	17(2A)	Yes
Review of compliance reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum information	17(7)	Yes
Compliance certificate	17(8)	Yes
Risk assessment & management	17(9)	Yes
Performance evaluation of independent directors	17(10)	Yes
Maximum number of directorships	17A	Yes
Composition of audit committee	18(1)	Yes
Meeting of audit committee	18(2)	Yes
Composition of nomination & remuneration committee	19(1) & (2)	Yes
Quorum of nomination and remuneration committee meeting	19(2A)	Yes
Meeting of nomination & remuneration committee	19(3A)	Yes
Composition of stakeholder relationship committee	20(1) , (2) & (2A)	Yes
Meeting of stakeholder relationship committee	20(3A)	Yes
Composition and role of risk management committee	21(1),(2),(3),(4)	Yes
Meeting of risk management committee	21(3A)	Yes
Vigil mechanism	22	Yes
Policy for related party transaction	23(1),(5),(6),(7) & (8)	Yes
Prior or omnibus approval of audit committee for all related party transactions	23(2), (3)	Yes
Approval for material related party transactions	23(4)	N.A.
Disclosure of related party transactions on consolidated basis	23(9)	Yes
Composition of board of directors of unlisted material subsidiary	24(1)	Yes
Other corporate governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	Yes
Secretarial audit with respect to listed entity and its material unlisted subsidiaries incorporated in India	24A	Yes
Alternate directorship & tenure	25(1) & (2)	Yes
Meeting of independent directors	25(3) & (4)	Yes
Familiarisation of independent directors	25(7)	Yes
Declaration from independent director	25 (8) & (9)	Yes
Directors and officers Insurance	25(10)	Yes
Memberships in committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of board of directors and senior management personnel	26(3)	Yes
Disclosure of shareholding by non-executive directors	26(4)	Yes
Obligations of directors and senior management	26(2) & 26(5)	Yes
Other corporate governance requirements	27	Yes

ICRA Limited**Corporate Governance Report****H. Auditors' Certificate on Corporate Governance**

The Auditors' Certificate with respect to compliance with Schedule V (E) of the Listing Regulations, relating to Compliance Certificate on 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. The Auditor has provided a qualified opinion. For comments of the Board of Directors of the Company in this regard, please refer to the sections on "Update regarding certain ongoing matters" of the report of the Board of Directors.

I. CEO and CFO Certification

As required under Regulation 17(8) of the Listing Regulations, the CEO and CFO certificate has been annexed to the Directors' Report.

J. Reconciliation of Share Capital Audit

As stipulated by SEBI (Depositories and Participants) Regulations, 2018, a Reconciliation of the 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.

K. Mandatory Dematerialisation of Equity Shares

The Securities and Exchange Board of India (SEBI) has amended regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), whereby transfer of securities of a listed company would not be processed unless the securities are held in the dematerialised form. The said regulation came in effect from April 1, 2019. As on March 31, 2020, about 99.99% of the equity shares issued by the Company are held in dematerialised form. The remaining members holding shares in the physical form are requested to arrange the dematerialisation of their shares at the earliest to avoid any inconvenience in future for transferring those shares.

L. General Members' Information

1	Annual General Meeting	
	Date	September 23, 2020
	Time	4:00 p.m. (IST)
	Mode	Video Conferencing ("VC")/Other Audio Visual Means ("OAVM")
2	Financial Year	Financial Year is April 1, 2020 to March 31, 2021
	Quarterly results will be declared as per the following tentative schedule:	
	• Financial reporting for the quarter ending June 30, 2020	First fortnight of August 2020
	• Financial reporting for the half year ending September 30, 2020	Second fortnight of October 2020
	• Financial reporting for the quarter ending December 31, 2020	Second fortnight of January 2021
	• Financial reporting for the year ending March 31, 2021	First fortnight of May 2021
3	Dates of Book Closure	September 18, 2020 to September 22, 2020 (both days inclusive)
4	Proposed Dividend	Rupees 27 per share
5	Dividend Payment Date	On or before October 8, 2020



Corporate Governance Report

6	Listing on Stock Exchanges	<p>The shares of your Company are listed on:</p> <ul style="list-style-type: none">• BSE Limited P.J. Towers, Dalal Street, Mumbai 400 001• National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051 <p>Your Company has paid the annual listing fee for the financial year 2020-21 to both the Exchanges.</p>
7	Stock Code	<p>BSE Limited: 532835</p> <p>National Stock Exchange of India Limited: ICRA</p> <p>ISIN: INE725G01011</p> <p>CIN: L74999DL1991PLC042749</p>
8	Registrar and Share Transfer Agent	<p>M/s. Link Intime India Private Limited Noble Heights, 1st Floor, Plot No. NH 2, LSC, C-1 Block, Near Savitri Market, Janakpuri, New Delhi-110058</p> <p>Tel: +91 11 4141 0592</p> <p>Fax: +91 11 4141 0591</p> <p>Email Id: delhi@linkintime.co.in</p>
9	Share Transfer System	<p>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). A summary report on the transfer/transmission of shares of the Company is placed at every meeting of the Board of Directors. Every half year, the Company obtains from a practising Company Secretary a certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations, and files a copy of the certificate with the Stock Exchanges.</p>
10	Compliance Officer	<p>Mr. S. Shakeb Rahman Company Secretary & Compliance Officer ICRA Limited Building No. 8, 2nd Floor, Tower A DLF Cyber City, Phase-II Gurugram-122002, Haryana Tel: +91 124 4545300 Email: investors@icraindia.com</p>
11	Dematerialisation of Shares and Liquidity	99.99% shares of your Company are held in the electronic mode.

ICRA Limited**Corporate Governance Report**

12	Payment of Dividend	Your Company provides Direct Credit (DC), Real Time Gross Settlement (RTGS), National Electronic Clearing Service (NECS) for payment of Dividend. Through DC/RTGS/NECS, 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 recommended that Members opt for DC/RTGS/NECS, if not done already. Members may kindly note that DC/RTGS/NECS details are accessed from the Depositories (for shares held in the electronic form) and from the Company's Registrar and Share Transfer Agent (for shares held in the physical form) and used for payment of Dividend.
13	Green Initiative	To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their depository participants in case the shares are held by them in electronic form and with the Company's Registrar and Share Transfer Agent in case the shares are held by them in physical form. In compliance with the Ministry of Corporate Affairs and the Securities and Exchange Board of India ("SEBI") Circulars, Notice of the Annual General Meeting along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company's Registrar and Share Transfer Agent/Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website viz. www.icra.in .
14	Bank Details for Electronic Shareholding	Members are requested to notify their Depository Participant (DP) about the changes in the bank details and furnish complete details of their bank accounts, including the MICR codes of their banks, to their DPs.
15	Copies of Permanent Account Number (PAN)	Members are requested to furnish their PAN to the Company to help strengthen compliance with KYC norms and provisions of Prevention of Money Laundering Act, 2002. For transfer of shares in physical form, SEBI has made it mandatory to the transferee to submit a copy of PAN card to the Company.
16	Investor Complaints to be addressed to	Registrar and Share Transfer Agent, or to Mr. S. Shakeb Rahman, Compliance Officer, at the relevant address, as mentioned earlier.
17	Address for correspondence	Registrar and Share Transfer Agent, or to Mr. S. Shakeb Rahman, Compliance Officer, at the relevant address, as mentioned earlier.
18	Outstanding Global Depository Receipts or American Depository Receipts or Warrants or any Convertible Instruments, Conversion date and likely impact on equity	None
19.	Market Price Data for the year 2019-20	High and low share prices (based on daily closing prices) and numbers of equity shares traded during each month in the year 2019-20 are presented in the following table.



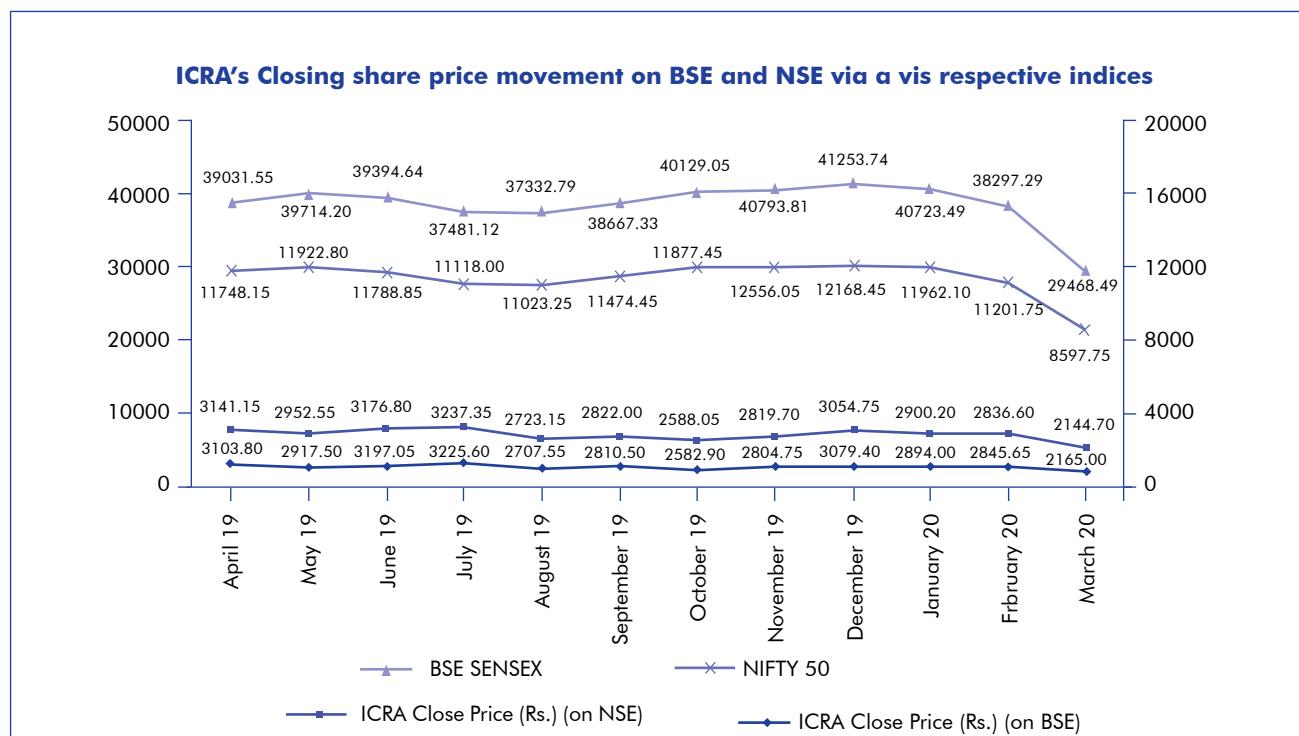
Corporate Governance Report

19. Market Price Data for the year 2019-20

High and low share prices (based on daily closing prices) and numbers of equity shares traded during each month in the year 2019-20 are presented in the following table.

Month	BSE			NSE			Total Volume on BSE and NSE	
	Share Price (Rupees)		Volume	Share Price (Rupees)		Volume		
	High	Low		High	Low			
April 2019	3,170.00	2,871.00	1,123	3,175.00	2,873.00	89,776	90,899	
May 2019	3,199.95	2,880.00	1,227	3,150.45	2,842.45	24,592	25,819	
June 2019	3,287.00	2,861.25	1,743	3,220.00	2,901.15	14,059	15,802	
July 2019	3,294.50	2,934.00	1,717	3,289.85	3,000.00	36,218	37,935	
August 2019	3,167.40	2,570.15	42,399	3,232.70	2,570.00	52,199	94,598	
September 2019	3,090.95	2,740.05	1,040	3,099.00	2,701.40	15,506	16,546	
October 2019	2,979.00	2,542.20	13,354	2,891.00	2,506.00	38,475	51,829	
November 2019	2,894.15	2,592.25	1,211	2,900.00	2,500.00	25,979	27,190	
December 2019	3,226.95	2,705.10	1,901	3,224.00	2,670.00	1,21,329	1,23,230	
January 2020	3,157.85	2,887.00	8,894	3,175.00	2,861.60	57,510	66,404	
February 2020	3,091.00	2,839.85	10,576	3,099.95	2,801.00	1,73,520	1,84,096	
March 2020	2,890.00	2,000.00	49,484	2,898.00	1,950.00	1,18,801	1,68,285	

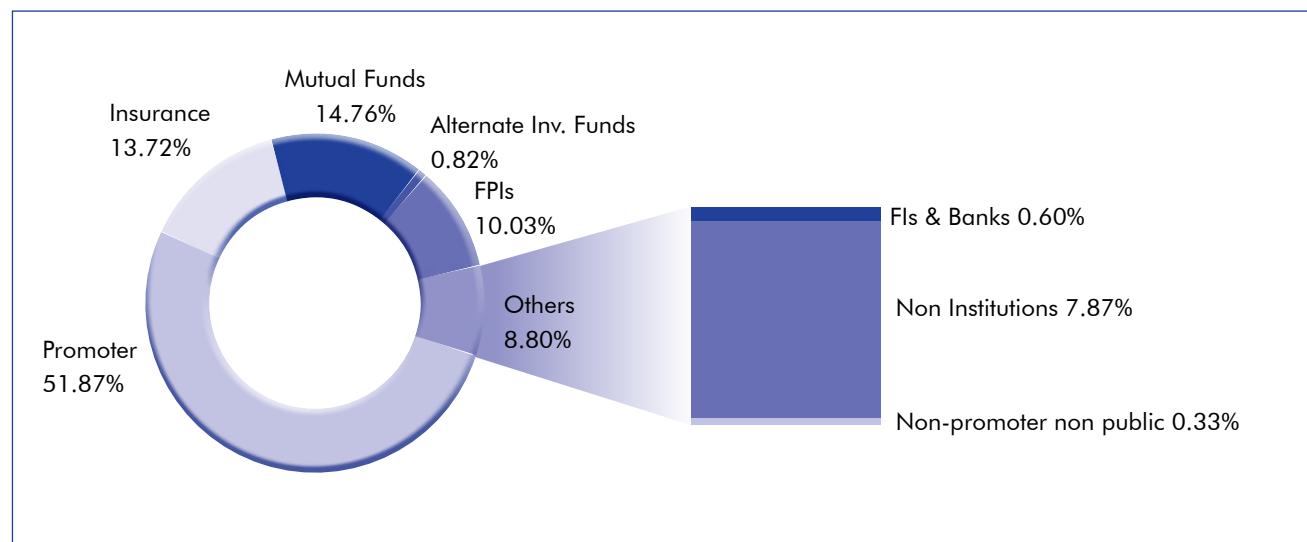
20. Performance in Comparison with Broad-based Indices



ICRA Limited**Corporate Governance Report****21. Distribution of Shareholding as on March 31, 2020**

No. of Equity Shares	No. of Members*	% of Total Number of Members	No. of Shares				% of Total Number of Shares
			Physical	National Securities Depository Limited	Central Depository Services (India) Limited	Total	
Up to 500	13438	98.75%	281	245780	83670	329731	3.42%
501 – 1000	73	0.54%	-	45931	8735	54666	0.57%
1001 – 2000	25	0.18%	-	31031	4807	35838	0.37%
2001 – 3000	19	0.14%	-	41798	5422	47220	0.49%
3001 – 4000	9	0.07%	-	27049	4000	31049	0.32%
4001 - 5000	3	0.02%	-	4005	9188	13193	0.14%
5001 – 10000	8	0.06%	-	50574	-	50574	0.52%
10001 & Above	33	0.24%	-	9057010	31950	9088960	94.17%
Total	13608	100.00%	281	9503178	147772	9651231	100.00%

*not clubbed based on permanent account number

22. Shareholding Pattern as on March 31, 2020



Corporate Governance Report

Statement of Shareholding Pattern as on March 31, 2020

ICRA Limited

Table I - Summary Statement holding of specified securities

Category	Category of shareholder	Number of shareholders			No. of Party paid-up equity shares held			Total nos. shares held underlying Depository Receipts			Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)			Number of Voting Rights held in each class of securities			No. of Shares Outstanding convertible securities (including Warrants)			Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)			No. of Shares pledged or otherwise encumbered			Number of equity shares held in dematerialised form		
		(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VII)+(V)+ (VI)	(VII)+(V)+ (VI)	(VII)+(V)+ (VI)	(VII)+(V)+ (VI)	(VII)+(V)+ (VI)	(VII)+(V)+ (VI)	(VII)+(V)+ (VI)	(VII)+(V)+ (VI)	(X)	(XI)	(XII)	(XIII)	(XIV)	(XV)	(XVI)	(XVII)	(XVIII)	(XIX)		
(A)	Promoter & Promoter Group	2	5005622	0	0	0	5005622	51.8651	5005622	0	5005622	52.0374	0	51.8651	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0	5005622		
(B)	Public	12483	4613659	0	0	0	4613659	47.8038	4613659	0	4613659	47.9626	0	47.8038	0	0.0000	NA	0.0000	NA	0.0000	NA	0.0000	NA	0.0000	NA	4613378		
(C)	Non Promoter - Non Public	1	31950	0	0	0	31950		0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0	31950		
(C1)	Shares Underlying DRs	0	0	0	0	0	0.0000	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0	0		
(C2)	Shares Held By Employee Trust	1	31950	0	0	0	31950	0.3310	0	0	0	0.0000	0	0	0	0.3310	0	0.0000	NA	0.0000	NA	0.0000	NA	0.0000	NA	0.0000	NA	31950
	Total	12486	9651231	0	0	0	9651231	100.0000	9619281	0	9619281	100.0000	0	100.0000	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0	9650950		

ICRA Limited

Corporate Governance Report

Statement of Shareholding Pattern as on March 31, 2020

ICRA Limited

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities	No. of Shares Outstanding convertible securities (including Warrants)	No. of Shares Locked in shares	Number of Shares pledged or otherwise encumbered	No. (a) As a % of total Shares held(b)	Number of equity shares held in dematerialised form
								No. of Voting Rights Class eg: X	Class eg: Y	Total	Total as a % of (A+B+C)	(X) = (VII)+(VII)+(VII)	(X) = (VII)+(VII)+(VII)
1 Indian													
(a) Individuals / Hindu Undivided Family		0	0	0	0	0	0.0000	0	0	0.0000	0	0.0000	0
(b) Central Government / State Government(s)		0	0	0	0	0	0.0000	0	0	0.0000	0	0.0000	0
(c) Financial Institutions / Banks		0	0	0	0	0	0.0000	0	0	0.0000	0	0.0000	0
(d) Any Other (Specify)		1	3055900	0	0	3055900	31.6633	3055900	0	31.7685	0	31.6633	0
Bodies Corporate	AABCW8576F	1	3055900	0	0	3055900	31.6633	3055900	0	31.7685	0	31.6633	0
Moody's Investment Company India Private Limited		1	3055900	0	0	3055900	31.6633	3055900	0	31.7685	0	31.6633	0
Sub Total (A1)		1	3055900	0	0	3055900	31.6633	3055900	0	31.7685	0	31.6633	0
2 Foreign													
(a) Individuals (Non-Resident Individuals / Foreign Individuals)		0	0	0	0	0.0000	0	0	0.0000	0	0.0000	0	0
(b) Government		0	0	0	0	0.0000	0	0	0.0000	0	0.0000	0	0
(c) Institutions		0	0	0	0	0.0000	0	0	0.0000	0	0.0000	0	0
(d) Foreign Portfolio Investor		0	0	0	0	0.0000	0	0	0.0000	0	0.0000	0	0
(e) Any Other (Specify)		1	1949722	0	0	1949722	20.2018	1949722	0	1949722	0	20.2018	0
Bodies Corporate		1	1949722	0	0	1949722	20.2018	1949722	0	1949722	0	20.2018	0
Moody's Singapore Pte Ltd	AAHCM8524D	1	1949722	0	0	1949722	20.2018	1949722	0	1949722	0	20.2018	0
Sub Total (A2)		1	1949722	0	0	1949722	20.2018	1949722	0	1949722	0	20.2018	0
Total Shareholding Of Promoter And Promoter Group (A) = (A1)+(A2)		2	5005622	0	0	5005622	51.8651	5005622	0	5005622	0	51.8651	0

Details of Shares which remain unclaimed may be given here along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.

Note:

(1) PAN would not be displayed on website of Stock Exchange(s)

(2) The term 'Encumbrance' has the same meaning as assigned under regulation 28(3) of SEBI [Substantial Acquisition of Shares and Takeovers] Regulations, 2011.



Corporate Governance Report

Statement of Shareholding Pattern as on March 31, 2020

ICRA Limited
Table III - Statement showing shareholding pattern of the Public shareholder

Category & Name of the shareholders	PAN	No. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities	No. of Shares Outstanding convertible securities (including Warrants)	No. of Locked in shares	No. of Shares pledged or otherwise encumbered	No. (a) As a % of total Shares held(b)	No. (a) As a % of total Shares held(b)	Number of equity shares held in dematerialised form
1 Institutions														
(a) Mutual Fund	5	1424436	0	0	1424436	14.7591	1424436	0	1424436	14.8081	0	14.7591	0	0.0000
Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Mnc Fund	AAAATB0102C	1	954754	0	954754	9.8926	954754	0	954754	9.9254	0	9.8926	0	0.0000
Reliance Capital Trustee Co. Ltd A/C Nippon India Small Cap Fund	AAATR0090B	1	301771	0	301771	3.1268	301771	0	301771	3.1371	0	3.1268	0	0.0000
Priya Mutual Fund - Parag Parikh Long Term Equity Fund	AACTP2540E	1	156523	0	156523	1.6218	156523	0	156523	1.6272	0	1.6218	0	0.0000
(b) Venture Capital Funds														
(c) Alternate Investment Funds														
(d) Foreign Venture Capital Investors														
(e) Foreign Portfolio Investor														
Pari Washington India Master Fund, Ltd.	AAFCP7824F	1	702840	0	702840	7.2824	702840	0	702840	7.3066	0	7.2824	0	0.0000
Tencore Partners Master Ltd.	AAHCT1657N	1	193000	0	193000	1.9997	193000	0	193000	2.0064	0	1.9997	0	0.0000
(f) Financial Institutions / Banks														
(g) Insurance Companies														
Life Insurance Corporation Of India	AAACL0582H	1	715355	0	715355	7.4121	715355	0	715355	7.4367	0	7.4121	0	0.0000
General Insurance Corporation Of India	AAACG0615N	1	477418	0	477418	4.9467	477418	0	477418	4.9631	0	4.9467	0	0.0000
Hdfc Life Insurance Company Limited	AAACH8755L	1	120000	0	120000	1.2434	120000	0	120000	1.2475	0	1.2434	0	0.0000
(h) Provident Funds/ Pension Funds														
(i) Any Other (Specify)														
Sub Total (B)(1)	31	3854408	0	3854408	39.9370	3854408	0	3854408	40.0696	0	39.9370	0	0.0000	0

ICRA Limited**Corporate Governance Report****ICRA Limited****Table III - Statement showing shareholding pattern of the Public shareholder**

Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of capital)	Number of Locked in shares	Number of Shares pledged or otherwise encumbered	No. (a) As a % of total Shares Held(b)	No. (a) As a % of total Shares Held(b)	Number of equity shares held in dematerialised form
								No. of Voting Rights eg: X	Class eg: Y	Total		Total as a % of (A+B+C)	(X)	(XII)	(XIV)	(XV)	
2 Central Government/ State Government(s)/ President of India																	
Sub Total (B)(2)	0	0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0
3 Non-Institutions																	
(a) Individuals																	
i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.	11481	503982	0	0	503982	52219	503982	0	503982	5.2393	0	5.2219	0	0.0000	0	0	0
ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.		2	85252	0	0	85252	0.8833	85252	0	85252	0.8863	0	0.8833	0	0.0000	0	85252
(b) NBFCs registered with RBI		1	2500	0	0	2500	0.0259	2500	0	2500	0.0260	0	0.0259	0	0.0000	0	2500
Trust Employee		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0
(d) Overseas Depositories(holding DRs) (balancing figure)		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0
(e) Any Other (Specify)		968	167517	0	0	167517	1.7357	167517	0	167517	1.7415	0	1.7357	0	0.0000	0	167517
IEPs	1	481	0	0	481	0.0050	481	0	481	0.0050	0	0.0050	0	0.0000	0	0	481
Trusts	3	3003	0	0	3003	0.0311	3003	0	3003	0.0312	0	0.0311	0	0.0000	0	0	3003
Hindu Undivided Family	518	19204	0	0	19204	0.1990	19204	0	19204	0.1996	0	0.1990	0	0.0000	0	0	19204
Non Resident Indians (Non Report)	136	8037	0	0	8037	0.0833	8037	0	8037	0.0836	0	0.0833	0	0.0000	0	0	8037
Non Resident Indians (Report)	143	22330	0	0	22330	0.2314	22330	0	22330	0.2321	0	0.2314	0	0.0000	0	0	22330
Clearing Member	29	879	0	0	879	0.0091	879	0	879	0.0091	0	0.0091	0	0.0000	0	0	879
Bodies Corporate	138	113583	0	0	113583	1.1769	113583	0	113583	1.1808	0	1.1769	0	0.0000	0	0	113583
Sub Total (B)(3)	12452	759251	0	0	759251	7.8669	759251	0	759251	7.8930	0	7.8669	0	0.0000	0	0	758970
Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)	12483	4613659	0	0	4613659	47.8038	4613659	0	4613659	47.9626	0	47.8038	0	0.0000	0	0	4613378



Corporate Governance Report

Statement of Shareholding Pattern as on March 31, 2020

ICRA Limited

Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of partly paid up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class eg: X	No. of Voting Rights Class eg: Y	Total Class	Total as a % of (A+B+C)	No. of Shares Outstanding convertible securities (including Warrants)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	No. of Shares Locked in shares	Number of Shares pledged or otherwise encumbered	No. (a) As a % of total Shares held(b)	Number of equity shares held in dematerialised form
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (VII)+(VII)+(VII)	(VIII) = (VIII)+(VIII)+(VIII)	(IX)	(X)	(XI) = (XI)+(XI)	(XII)	(XIII)	(XIV)	(XV)	(XVI)	(XVII)	
1 Custodian/DR Holder		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	NA	NA
2 Employee Benefit Trust (under SEBI Share based Employee Benefit Regulations, 2014)		1	31950	0	0	31950	0.33310	0	0	0	0.0000	0	0.33310	0	0.0000	NA	NA
Total Non-Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)		1	31950	0	0	31950	0.33310	0	0	0	0.0000	0	0.33310	0	0.0000	NA	NA
																	31950

ICRA Limited

Corporate Governance Report

Declaration Regarding Compliance by Board Members and Senior Management Personnel with Company's Code of Conduct¹

(Pursuant to Schedule V (D) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

The Board of Directors of ICRA Limited adopted the Code of Conduct to be followed by all Members of the Board and Senior Management Personnel of the Company in compliance with Regulation 17(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations").

As provided under Regulation 26(3) of the Listing Regulations, all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for the year 2019-20.

(Vipul Agarwal)

*Interim Chief Operating Officer
& Group Chief Financial Officer*

(Amit Kumar Gupta)

*Whole-time Director &
General Counsel*
DIN: 00352927

Place: Gurugram

Date: July 28, 2020

¹Since the Company does not have a Chief Executive Officer as on the date of this declaration, this certificate is being signed by Mr. Vipul Agarwal, in his capacity as the Interim Chief Operating Officer and Mr. Amit Kumar Gupta in the capacity of Whole-time Director of ICRA Limited.



Certificate by Chief Executive Officer¹ and Chief Financial Officer

(Pursuant to Regulation 17(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

We, Amit Kumar Gupta, Whole-time Director, and Vipul Agarwal, Interim Chief Operating Officer & Group Chief Financial Officer, of ICRA Limited (the "Company"), certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2020 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 the existing accounting standards, applicable laws and regulations.

We draw your attention to the following ongoing matters:

First, in respect of an adjudication proceeding ('Adjudication Proceeding') initiated by the Securities and Exchange Board of India (SEBI) in relation to the credit ratings assigned to one of the Company's customers and the customer's subsidiaries, SEBI issued an order imposing a penalty of Rupees 25 lakh under Section 15HB of the SEBI Act, 1992 on the Company. Further, SEBI issued a Show Cause Notice ('SCN') for enhancement of penalty amount. The Company has filed an appeal challenging the adjudication order before the Securities Appellate Tribunal (the 'SAT') and deposited the penalty amount of Rupees 25 lakh without prejudice to such appeal. The said appeal is pending before the SAT. The Company has made adequate provision in this regard. The Company has also been cooperating with Government agencies and responding to their queries in relation to this matter.

Second, the Board of Directors ('Board') had appointed external experts to examine and report on anonymous representations making certain allegations against two former officials which were forwarded to the Company by SEBI ('Representations'). During the examination of the aforesaid Representations, certain counter allegations were made by one of the two former officials, for which the Board appointed a second set of external experts, to examine such allegations.

The external experts examining the Representations have concluded their examination and the findings indicate that the conduct of the aforesaid officials was not in conformity with certain applicable regulations and Company policies relating to credit rating activities. The aforesaid officials are no longer in the employment of the Company.

The external experts have expressed that no evidence was found suggesting ex-facie that the ratings examined as part of the examination were inflated (i.e. were unsupported by ratings analysis).

Further, as per external experts, this is subject to the limitation that the determination of whether or not any ratings are supported by ratings analysis is a qualitative technical matter that was beyond the scope of the examination, as the examination was not aimed at reviewing the appropriateness of rating opinions on merits.

The findings of the second set of external experts do not indicate any material deficiencies with applicable regulations and Company policies.

The findings of the external experts have been presented to the Board members. The Board is in the process of taking appropriate steps in the best interest of the Company and its various stakeholders with regard to the outcome of the examination.

Third, the Company directly received another anonymous representation during the year ended March 31, 2020 against certain of its existing officials and the examination thereof is in progress.

¹Since the Company does not have a Chief Executive Officer as on the date of this certificate, this certificate is being signed by Mr. Amit Kumar Gupta in the capacity of Whole-time Director and Mr. Vipul Agarwal, in his capacity as the Interim Chief Operating Officer and Group Chief Financial Officer of ICRA Limited.

ICRA Limited

Fourth, the Company had received a letter from SEBI seeking comments on observations made in the interim report dated July 15, 2019 prepared by Grant Thornton India LLP, which was commissioned by the IL&FS Group. The Company had submitted its responses to SEBI on such observations dated August 14, 2019. There has been no further development in this matter.

While the Company has made a provision for penalty on a best estimate basis with regard to the Adjudication Proceeding, the impact of uncertainties arising from the above matters is currently unascertainable. However, based on the legal opinions given by reputed external counsels, the Company does not foresee an action from the regulator(s) that could adversely affect the functioning of the Company.

- (b) There were, to the best of our knowledge and belief, no transactions entered into by the Company during the year which were fraudulent, illegal or in violation of the Company's code of conduct.

We draw your attention to certain matters as stated in point (a) above.

- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and 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 were aware and the steps we have taken or propose to take to rectify these deficiencies.

We draw your attention to certain matters as stated in point (a) above.

- (d) We have indicated based on our most recent evaluation, wherever applicable, to the auditors and the Audit Committee:
 - (i) significant changes, if any, in internal control over financial reporting during the year;
 - (ii) significant changes, if any, in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) any instances of significant 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.

(Amit Kumar Gupta)

*Whole-time Director &
General Counsel*

DIN: 00352927

(Vipul Agarwal)

*Interim Chief Operating Officer
& Group Chief Financial Officer*

Place: Gurugram

Date: July 14, 2020



CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members

ICRA Limited

Flat No.1105 Kailash Building,
11th Floor 26, Kasturba Gandhi Marg
New Delhi - 110001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of ICRA Limited and having CIN L74999DL1991PLC042749 and having Registered office at Flat No.1105 Kailash Building, 11th Floor 26, Kasturba Gandhi Marg New Delhi - 110001 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

S. No.	Name of director	DIN	Date of appointment in Company
1.	Arun Duggal	00024262	11/11/2014
2.	Thomas John Keller Jr.	00194502	30/01/2015
3.	Amit Kumar Gupta	00352927	07/02/2020
4.	Radhika Vijay Haribhakti	02409519	04/12/2014
5.	Ranjana Agarwal	03340032	11/11/2014
6.	Min Ye	06552282	24/05/2013
7.	David Brent Platt	08424532	30/04/2019
8.	Michael Foley	08583960	25/10/2019

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate 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 **Chandrasekaran Associates**

Company Secretaries

Rupesh Agarwal

Managing Partner

Membership No. A16302

Certificate of Practice No. 5673

UDIN: A016302B000290730

Date: 01.06.2020

Place: Delhi

ICRA Limited

Independent Auditor's Report on Compliance with the Corporate Governance requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

The Members of ICRA Limited

1. This report is issued in accordance with the terms of our engagement letter dated 19 December 2019 and addendum thereto dated 24 July 2020.
2. The accompanying Corporate Governance Report prepared by ICRA Limited ("the Company") contains details of compliance of conditions of corporate governance by the Company for the year ended March 31, 2020, as stipulated in Regulations 17-27, clauses (b) to (i) of the Regulation 46(2) and paragraphs C, D and E of the Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") pursuant to the Listing Agreement of the Company with stock exchanges.

Management's Responsibility

3. The preparation of the Corporate Governance Report is the responsibility of the Management including the preparation and maintenance of all the relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
4. The Management along with the Board of Directors is also responsible for ensuring that the Company complies with the conditions of the Corporate Governance and provides all relevant information to Securities and Exchange Board of India. The management shall comply with the corporate governance provisions which shall be implemented in a manner so as to achieve the objectives of the principles.

Auditor's Responsibility

5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing regulations for the year ended March 31, 2020.
6. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the subject matter stated in the above paragraph. The procedures selected, including procedures for assessment of the risk associated with the subject matter, depends on the auditor's judgment.
7. Our examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
8. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes, ("the Guidance Note"), issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
9. We have complied with the requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by ICAI.



Basis for Qualified Opinion

10. We draw attention to the fact that the Company is in the process of addressing certain ongoing matters.

First, in respect of an adjudication proceeding ("Adjudication Proceeding") initiated by the Securities and Exchange Board of India ("SEBI") in relation to the credit ratings assigned to one of the Company's customers and the customer's subsidiaries, SEBI issued an order imposing a penalty of Rupees 25 lakh under section 15HB of the SEBI Act, 1992 on the Company. Further, SEBI issued a Show Cause Notice ("SCN") for enhancement of penalty amount. The Company has filed an appeal challenging the adjudication order before the Securities Appellate Tribunal (the "SAT") and deposited the penalty amount of Rupees 25 lakh without prejudice to such appeal. The said appeal is pending before the SAT. The Company has also been cooperating with government agencies and responding to their queries in relation to this matter.

Second, the Board of Directors ("Board") had appointed external experts to examine and report on anonymous representations making certain allegations against two former officials, which were forwarded to the Company by SEBI ("Representations"). During the examination of the aforesaid Representations, certain counter allegations were made by one of the two former officials, for which the Board appointed a second set of external experts to examine such allegations.

Based on our sighting and briefing of the findings of the external experts, the findings indicate that the conduct of the aforesaid officials was not in conformity with certain applicable regulations and Company policies relating to credit rating activities. The aforesaid officials are no longer in the employment of the Company. The external experts have expressed that no evidence was found suggesting ex-facie that the ratings examined as part of the examination were inflated (i.e. were unsupported by ratings analysis). Further, as per external experts, this is subject to the limitation that the determination of whether or not any ratings are supported by ratings analysis, is a qualitative technical matter that was beyond the scope of the examination as the examination was not aimed at reviewing the appropriateness of rating opinions on merits.

Based on our sighting and briefing of the findings of the second set of external experts, the findings do not indicate any material deficiencies with applicable regulations and Company policies.

The findings of the external experts have been presented to the Board members. As informed to us, the Board is in the process of taking steps with regard to the outcome of the examinations.

Third, the Company directly received another anonymous representation during the year ended March 31, 2020 against certain of its existing officials and the examination thereof is in progress.

Fourth, the Company had received a letter from SEBI seeking comments on observations made in the interim report dated July 15, 2019 prepared by Grant Thornton India LLP, which was commissioned by the IL&FS group. As informed to us, the Company had submitted its responses to SEBI on such observations dated 14 August 2019 and there has been no further development in this matter.

While the Company has made a provision for penalty on a best estimate basis with regard to the Adjudication Proceeding, the impact of uncertainties arising from SEBI's powers against non-compliances of aforesaid regulatory framework and other matters stated above are currently unascertainable.

Consequently, we are unable to estimate the impact, if any, that may result from a conclusion of these matters or any related inquiry, on the accompanying Corporate Governance Report for the year ended March 31, 2020.

ICRA Limited

Qualified Opinion

11. In our opinion and to the best of our information and according to the explanation and representations given to us, except for the effects/ possible effects of the matter described in the "Basis for Qualified Opinion" section above, the Company has complied with the conditions of the Corporate Governance as stipulated in Listing Regulations and referred to in paragraph 2 above, as applicable for the year ended March 31, 2020.
12. We state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restrictions on Use

13. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with the obligations under the Listing Regulations and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of report.

For B S R & Co. LLP
Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

Shashank Agarwal
Partner

Membership No.: 095109
UDIN: 20095109AAAAEX3860

Place: Gurugram
Dated: July 28, 2020



Annexure IV

Management Discussion and Analysis Report (Annexure to the Directors' Report)

A. Industry Structure and Developments

The conditions in the credit market continued to remain challenging in FY2020 because of a slowing economy and an increase in risk aversion among lenders and investors. There was a greater dependence on the banking system for funds as the debt capital markets were accessible to a few high-quality credits. The past year also witnessed a few large ticket resolutions of stressed assets for banks under the Insolvency and Bankruptcy Code (IBC) 2016, which led to some refinancing activities.

The challenges faced over the last few years are likely to intensify in the current year as well. It is expected that risk aversion will likely increase because of the large-scale deterioration in the credit quality, which is expected because of the Covid-19 related lockdown and consequent disruption in almost all economic activity. Also, bond markets, which were heavily skewed in favour of the PSUs and top-rated corporates will only see a continued skew to safer credits, specifically those backed by strong promoter because of the challenges faced by a few credit risk funds and a steep drop in Assets Under Management of such schemes consequent to Covid-related lockdown. As a result, a large section of the mid and small-sized corporates, non-banking finance companies (NBFCs) and micro finance institutions (MFIs) are likely to face severe challenges in terms of accessing funds, unless the Government steps in with some innovative measures. The Reserve Bank of India (RBI) has indeed already taken several measures to improve the liquidity in the system and make funding available to banks for on-lending to corporates and the NBFCs, however, most of this has so far been cornered only by the highly rated corporates as banks were diffident about lending to the rest.

The liquidity issues that the NBFC sector was confronted with led to continued high volumes in securitisation and direct assignment transactions, whereby the NBFCs sold their assets to banks through this route. Your Company continued to enhance its position in the structured finance rating segment by executing a record number of mandates in this segment. The activity in the structured finance market is likely to remain strong, barring the expected dip emerging from the spread of the Covid-19 pandemic, as securitisation and direct assignment will remain one of the preferred ways for the NBFCs and the housing finance companies (HFCs) to generate liquidity and meet their funding requirements.

Following the lockdown announced by the Government of India, there has been a sharp curtailment in discretionary activities, production shutdowns and job losses in sectors, especially affecting the contractual staff, and a loss of income for the daily wagers. We expect the different sectors to revive at a varied pace after the lockdown is lifted, and fear that social distancing may be warranted for an extended period, which could continue to constrain demand for discretionary services and goods. In addition, the size of the GDP shrinkage would be contingent on the magnitude by which the Government spending is stepped up to cushion the blow from the lockdown. With the fluidity of the situation preventing precise forecasts, we currently expect the Indian GDP to display growth in a band of +/-1% in FY2021, which would impact corporate growth and push the recovery in the investment cycle further away, thereby impacting the credit rating business.

Since late March 2020, the repo and the reverse repo rates have been reduced sharply. Moreover, with the average CPI inflation expected to decline in FY2021, we expect the policy rate to be pared further to arrest the downturn in economic activity. This may in turn transmit to lower deposit and lending rates by banks, given the considerable correction in the small savings interest rates and surplus banking system liquidity. This could also result in a modest pickup in credit demand, thereby benefitting ICRA's business prospects.

(An overview of the market for rating services, including discussions on the various segments that comprise this market, is presented in the section titled Review of Operations in the Directors' Report.)

ICRA Limited

Annexure IV

B. 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 us as a rating agency and our strengths, while the others emanate from the environment we operate in. At this stage, it is very difficult to forecast the pace in pick-up of economic activities, though demand for bank credit is likely to be high, given the need to fund additional working capital as also the need to shore up liquidity as a fall-back measure. While bond market growth was expected to get a fillip, as both the Securities and Exchange Board of India (SEBI) and the RBI have brought in regulations that require large corporates to increase reliance on financing through debt capital market, the current risk aversion may continue to act as a deterrent in the short to medium term. It may be noted that the SEBI has made it mandatory for large corporates (defined as one with borrowings of more than Rs 100 crore) to raise not less than 25% of their incremental borrowings from the debt capital markets, provided they have a long-term rating of AA or above.

ICRA is well placed to benefit from each of the opportunities stated above as and when they arise, given its competitive strengths and strategic initiatives. We believe that our competitive strength primarily includes the rich database and research support that our products and services draw upon; 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.

Threats

The threats confronting our business have their foundation in such risks and concerns as are discussed in Section E of this report.

C. Segment-wise or Product-wise Performance

Details on the performance of the Company's operating activities are presented in the section titled Review of Operations in the Directors' Report. Highlights of performance of subsidiaries and their contribution to the overall performance of the Company during 2019-20 are provided below.

I. ICRA Analytics Limited

Pursuant to the amalgamation of ICRA Management Consulting Services Ltd, a fellow subsidiary with your company, the repertoire of offerings has increased, and in addition to the existing offerings of outsourcing and mutual fund content, your company also offers risk management solutions, fixed income content and consulting.

During the year under review, your Company registered a 15% growth in operating revenue to Rs. 107.95 crore (previous year Rs. 93.75 crore) and profit after tax (PAT) going up by 59% to Rs. 24.64 crore (previous year Rs. 15.49 crore). While driven primarily by growth in the segment of Outsourced Services, and other segments including Consulting demonstrated robust growth. Your Company continues to improve its product portfolio for a wider reach and engage in larger outreach activities in domestic and global markets.

With more than 20 years of experience in executing 10,000+ assignments, your company has acquired significant expertise across multiple domains, and serves Banks, NBFCs, Fund Managers, Intermediaries, Investors, Corporates, Energy & Renewables sector, Multi-Laterals, NGO and Government institutions. The domain expertise complemented with functional competence has helped your company design and implement products, services and solutions in Risk Management, IFRS & GAAP accounting, Bond Valuation, Tariff Assistance, Financial & Risk Advisory and Programme Management. Other than expanding reach to hitherto unserved client segments, your company added new offerings to its portfolio, like Expected Credit Loss tool for NBFCs and banks. Your company has successfully



Annexure IV

augmented its capability platform with new age technologies like analytics, automation and cloud, and these are being leveraged to launch contemporary cloud-hosted products with enhanced analytical proficiency for Banks, NBFCs, Fund Managers, Intermediaries and Investors.

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

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

II. ICRA Lanka Limited

ICRA Lanka Limited (ICRA Lanka) a wholly-owned subsidiary of the Company, offers a wide range of rating services in the Sri Lankan market. During the year under review, in spite of challenging market conditions, ICRA Lanka was able to record a 4.47% growth in its operating revenue, driven primarily by initial issue rating, which increased by 136.24%. The issuer rating income reduced by 20.36% when compared with the previous year. The surveillance income reduced by 0.05%. During the year under review, ICRA Lanka recorded a total revenue of Rs. 1.61 crore (previous year Rs. 1.54 crore).

III. ICRA Nepal Limited

ICRA Nepal Limited (ICRA Nepal) a subsidiary of the Company, offers a wide range of rating services in the Nepalese market.

During the year under review, ICRA Nepal registered a ~77% growth in revenue from operations, driven primarily by the increase in borrower ratings in the market, which was introduced through the Monetary Policy in the previous fiscal year, issued by the Central Bank of Nepal (Nepal Rastra Bank). Business growth was also supported by an increase in the debt market and surveillance fees. However, a decline in the equity market was also observed, as the regulatory requirement of capital increment was met by most of the company during the previous year.

An overflow in the number of mandates received during the current year by ~2.45 times as compared to the previous year has helped the company record a growth in revenue from operations and profitability during the current year. This has also contributed towards revenue to be booked of fresh pending mandates equivalent to ~1.1 times of the current year revenue from fresh mandate and surge in surveillance revenue, which provides a medium-term visibility in growth. On the long-term outlook, Nepal Rastra Bank's initiative to introduce the practice of determining the risk weight of the loans based on ratings provided by Credit Rating Agency will have a positive impact in the long-term growth of the company through increase in borrower rating.

The growth, however, may be constrained by a slow/non-execution of pending mandate along with competitive pressure on fresh mandates inflow. As the rating culture in the current market is still at a nascent stage, more effort is required on information collection rather than analysis, which exposes the company to the risk of not completing the assignments within time. While the opportunities for the company are likely to remain healthy as the competition is limited to just one, the aggressive role played by competition on pricing along with the possibility of introduction of two new rating agencies in the local market, might create competitive pressure in pricing as well. The regulatory risk associated with the change in policy on regulating the pricing-related matter, might impact the revenue and profitability profile going forward.

ICRA Limited

Annexure IV

During the year under review, ICRA Nepal recorded a total revenue of Rs. 5.91 crore (previous year Rs. 3.24 crore). ICRA Nepal has declared a dividend and the amount towards dividend payable to the Company is Rs. 0.20 crore (previous year Rs. 0.13 crore).

(A brief financial detail in the Form AOC-1, as per Rule 5 of the Companies (Accounts) Rules, 2014, of the above mentioned subsidiary companies is annexed to the consolidated financial statements)

D. Outlook

The long-term outlook for the ratings business remains positive, given the large funding requirements which would have to be raised through a combination of bank loans and bonds, though FY2021 is likely to be very challenging for the factors enumerated earlier. The regulatory nudge to have a certain part of the financing come through the bond route is also a positive though this move requires a significant improvement in the investor appetite. Your Company continues to take initiatives to retain its strong thought leadership and market position and is confident of meeting the challenges posed inevitably by the changing business requirements.

E. Risks and Concerns

Your Company is involved primarily in the business of providing rating and related credit research services. Any economic slowdown in India may impact the volume of bank credit or debt securities issued in the domestic capital markets, and hence, have an adverse impact on your company's business and revenues.

Your Company's services are dependent on the condition of the financial markets in India. Any increase in interest rates and credit spreads, 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 weakness or downturn in the financial markets domestically or internationally could have a materially adverse effect on our business and financial results.

Specifically, the bank loan rating business could get impacted if there is a credit slowdown or a change in ratings related regulation, resulting in transition to internal rating models for providing capital. The domestic debt capital market, on the other hand, is skewed towards higher-category credit-ratings. This may continue to constrain the volume of issuance in the Indian debt market, despite the regulatory allowance of partially credit-enhanced bonds. Currently, accessing overseas debt markets by certain Indian borrowers/issuers is regulated, and any change in the prevailing regulatory regime, liberalising access to the overseas markets for the raising of debt funds, may adversely impact the issuance of debt instruments in the domestic market.

Further, our market share or profitability may be affected by competition, which remains intense. In the event of our competitors coming up with newer products and services, using sophisticated technology for customer requirements and offering innovative solutions or more competitive prices to our clients are likely to adversely impact our market share, thus affecting 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 multi-notch downgrades could negatively affect our reputation and, our position as a quality credit rating agency. This, in turn, may adversely affect our business, operations, and financial condition.

Separately, please also refer to the sections on 'Update regarding certain ongoing matters' of the report of the Board of Directors, for further details in relation to certain ongoing matters, including in relation to the adjudication proceeding initiated by SEBI against the Company in respect of the credit ratings assigned to one of the Company's customers and the customer's subsidiaries.



Annexure IV

Risk Mitigation

- To mitigate business risks arising from changes in economic and market conditions and in regulations that influence the volume of debt issuance, your Company constantly monitors developments on these fronts and adjusts its business strategies accordingly.
- Your Company evaluates itself periodically against its peers to mitigate competition-related risks. To prevent brand dilution, your Company remains focused on maintaining the robustness of its ratings and gradings while at the same time promoting brand ICRA through seminars, and conferences, apart from the publication of research reports.
- The Company keeps a close watch on key regulatory developments to anticipate changes and their potential impact on its business.
- The Company, both unilaterally and through its participation in industry forums, responds to consultation papers and discussions initiated by the regulators, the Government and other policymakers on any key regulatory changes that can have an impact on its business.

(1) 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.

(2) Investment Risk

The Company has made, and may continue to make, 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 depends on their individual performance.

Risk Mitigation

- The Company has set up an investment committee, which periodically reviews the performance of its investment portfolio.
- The Company makes provisions for diminution in the carrying value of investments if the diminution in the fair market value of any long-term investment is considered permanent, and regularly evaluates changes in the financial markets.

(3) Regulatory Non-Compliance Risk

Your Company complies with all the applicable laws, rules and regulations, and makes business decisions based on comprehensive advice provided both by its internal counsels and by acknowledged external counsels.

The regulatory non-compliance risk arises because of changes in corporate laws, the SEBI credit rating regulations, accounting standards, tax laws, and/or any other applicable rules and regulations as may be amended from time to time. Your Company being a credit rating agency is required to comply with a new and tighter set of rules that has been mandated by SEBI in June 2019, while executing rating assignments and while maintaining the ratings under continuous surveillance. Given the increasing regulatory oversight, the impact of slippages in compliance could be high.

ICRA Limited

Annexure IV

Risk mitigation

- The Company has put in place a comprehensive compliance framework to manage compliance-related issues. Compliance officers track regulatory and statutory requirements and notify changes to stakeholders periodically. Detailed checklists are available with the compliance officers to ensure compliance with the applicable legal and regulatory requirements.
- Compliance officers keep themselves abreast of all amendments in the various applicable laws and regulations.
- 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 the various laws and rules in force.
- Regulatory and statutory audits are conducted to ensure compliance with the relevant provisions of the applicable laws and regulations.
- The Company obtains legal advisory services and seeks legal advice wherever necessary to avoid any non-compliance with the applicable laws, rules and regulations.

(4) 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 of gathering this information, even so, we 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 obtained. The quality of the ratings that we assign is inherently dependent upon the accuracy of the information presented to us. If inaccurate or misleading facts are presented to us we run the risk of our ratings not being able to reflect the actual credit risk.

The Company's ability to conduct business may be adversely impacted with the increase in cyber-crime. This may in turn lead to financial loss, disruption or damage to the reputation of an organisation due to some failure of its information technology systems. Lack of information security controls, both with respect to process and technology, may lead to breach of confidential data, data privacy and in turn cause loss in business.

With the complexity of our business increasing, sound information system controls are needed, and we have established these in our organisation.

Risk Mitigation

- To mitigate such security risks, and thereby the losses arising due to such risks, the Company has established a formal Information security governance structure and strategy in place with defined roles and responsibilities for a consistent treatment and monitoring mechanism. The risk management approach has been followed to identify and address risk for people, processes and technology.
- To mitigate the risks, your Company has designed the Information Security Management System (**ISMS**) with various policies, procedures and guidelines in place to set the security controls for ICRA.
- The implementation is planned to mitigate all identified risks in a phase-wise manner to develop and implement stringent process and technological controls.
- Periodic and frequent IT advisory is being shared with ICRA employees related to spam, phishing attacks, ransomware and cyber security related areas.



Annexure IV

(5) Policy Risk

Material changes in the regulations that govern us or our businesses could affect the results of our operations. Most of the Company's revenues come from rating services, which are influenced by regulatory requirements. If there are changes in the regulatory requirements of compulsory rating for certain instruments or for certain investors to invest in rated instruments, there may be a decrease in the demand for rating. This is also the case if there are such changes in regulations that negatively impact the level of issuance of debt instruments in the domestic market. This in turn may affect our business, revenues and financial condition.

(6) Political Risk

Political instability could adversely affect the 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.

(7) Attrition Risk

Our performance and success depend largely on our ability to nurture and retain the continued service of our skilled personnel. We face a continuing challenge of recruiting and retaining suitably skilled people, as we continue to grow. There is significant competition for management and other skilled persons in the financial services industry with our competitors and other financial services entities offering 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 are likely to get affected.

Risk Mitigation

We are committed to provide the best work environment and facilities to employees at all levels. We provide a culture that promotes transparency and flexibility and is fulfilling and purposeful. Our work environment has helped create an engaging workplace that enables individuals to realise their potential.

To promote a culture of ethics, trust, respect, openness & collaboration, periodic connect, including Townhalls, Ask Me Anything sessions, NOVA sessions etc with employees are conducted to address concerns in a systematic manner. ICRA implements a monthly engagement calendar to keep employees motivated and engaged. Some of the examples include Environment Month, Reader's Month, Independence Day, Diwali, Christmas, Bring Your Kids to Work etc. To revitalise the work environment, we actively promote a culture of celebration & success at work. We provide regular extended support with our employee-friendly policies like Work from Home, transport support guidelines, creche support for employees' children, advance Maternity Leave for our women colleagues and employee assistance programmes. We have a structured rewards and recognition programme called 'iStrive' on a half-yearly basis. The aim is to appreciate and thank all performance enthusiasts who continually strive to make a difference to the Company.

We reward people fairly, equitably and consistently in accordance with their value to the organisation. Our reward management strategy adopts a 'total reward' approach which emphasises the importance of considering all aspects of reward as a coherent whole, integrated with other Human Resource (HR) initiatives designed to achieve the motivation, commitment, engagement and development of employees. Deserving employees, who demonstrate high performance and potential, are eligible to participate in the long-term/deferred incentive plan focused on retaining critical talent in the company. We continually benchmark the compensation with the industry and the competition it offers.

ICRA Limited**Annexure IV****F. Internal Control Systems and their Adequacy**

The Management is responsible for establishing and maintaining controls and procedures for the Company, following the review by the Audit Committee and the Board of Directors. Accordingly, the Management has designed such controls and procedures, or caused such controls and procedures to be designed under its supervision, as to ensure that material information relating to your Company, including its subsidiaries, is made known to the Management by others within those entities. It has also designed such internal control over financial reporting or designed such internal control over financial reporting under its supervision, to provide reasonable assurance regarding the reliability of the financial statements.

Your Company's Statutory Auditors have audited the financial statements and have issued a report with adverse opinion on your Company's internal control over financial reporting, as defined in Section 143 of the Companies Act, 2013 (the 'Act'). The said report is annexed to the independent auditor's report.

The disclosures pertaining to certain ongoing matters, as provided under 'Update regarding certain ongoing matters' of the Directors Report are self-explanatory, therefore, no additional comments are required.

(An overview of Internal Control Systems and their adequacy, is presented in the section titled Internal Control System and their Adequacy in the Directors' Report.)

G. Discussion on Financial Performance with respect to Operational Performance

The key features of the Company's financial performance for the year ended March 31, 2020 are presented in the accompanying financial statements, which have been prepared in accordance with the Indian Accounting Standards (referred to as IndAS) as prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act. The financial statements have been prepared on the historical cost basis and on an accrual basis, except for certain financial instruments, which are measured at fair value at the end of each reporting period. ICRA's Management accepts responsibility for the integrity and objectivity of these financial statements.

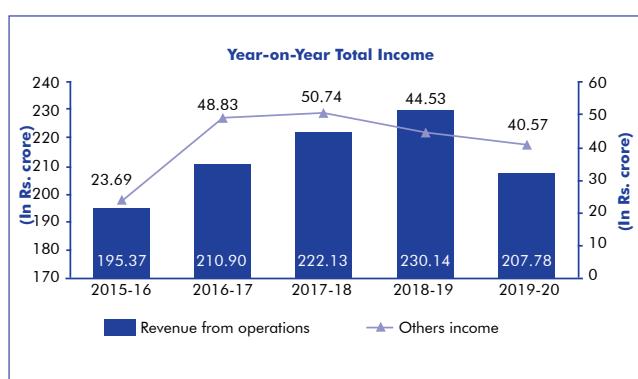
The financial information discussed in this section is derived from the Company's audited financial statements.

I. Results of operation

The financial performance of the Company is summarised as under:

(a) Incomes

Particulars	2018-19	2019-20	(in Rs. crore)	Growth (%)
Revenue from operations	230.14	207.78		(-) 10 %
Other income	44.53	40.58		(-) 9 %
Total Income	274.67	248.36		(-) 10 %



In terms of business segments, the subdued growth in operating revenue during 2019-20 was mainly due to slow growth in corporate, financial sectors and public finance related ratings. The non-bank loan ratings business grew very little during the period under review. Bank loan ratings accounted for 33% of the overall rating revenues for 2019-20 as compared to 32% for 2018-19. Other than rating of debt issuances and bank loans of existing issuers, the Company added new issuers and borrowers to its list of rating clients during the year under review.



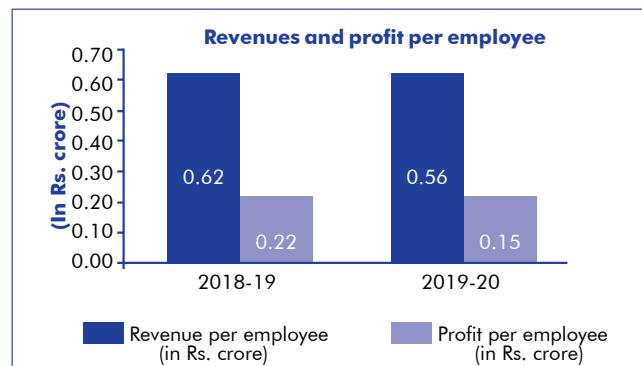
Annexure IV

Other income

Other income primarily consists of dividend received from subsidiary companies, interest income on fixed deposits and investments, gain on financial assets carried at fair value through profit or loss and rental income. The Company's other income in the year 2019-20 decreased by 9% from the year-ago, primarily driven by loss in the fair value of financial assets.

Expenses

Particulars	(in Rs. crore)		
	2018-19	2019-20	Growth (%)
Employee benefit expense	107.43	105.11	(-) 2 %
Finance costs	0.03	1.66	4907 %
Depreciation and amortization	2.43	5.38	121 %
Other expenses	33.71	44.16	31 %
Total expenses	143.60	156.31	9 %



Employee benefits expenses decreased 2% to Rs. 105.11 crore in 2019-20 from Rs. 107.43 crore in 2018-19. The decrease in employee benefit expenses was primarily due to the true-up of variable pay provision for the full year, on account of lower profitability. Employee benefit expenses, as a percentage of revenue from operations, increased during the period under review as compared with the previous fiscal.

Your Company's revenues from operations and profit after tax per employee decreased during 2019-20 as compared to 2018-19.

Depreciation and amortisation expenses increased 121% during 2019-20 over the previous fiscal due to the impact of the Accounting Standard (IND AS- 116) related to accounting treatment of rent.

Other expenses increased by 31% during 2019-20 over the previous fiscal, mainly because of higher expenses towards legal and professional charges and additional audit fees on account of the incremental efforts incurred by auditors on the ongoing regulatory matters. The Company's contribution towards Corporate Social Responsibility (CSR) as prescribed under Section 135 of the Companies Act, 2013, for the financial year 2019-20 increased from Rs. 2.24 crore to Rs. 3.10 crore. The Company contributed Rs. 100.00 lakh to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Funds (PM CARES Fund) which resulted in an excess of Rs. 71.26 lakh spent over the current year obligations, which will be offset with the next years' obligation. Other expenses as a percentage of total income increased during the period under review as compared with the previous fiscal.

Total expenses increased by 9% to Rs. 156.31 crore in 2019-20 from Rs. 143.60 crore in 2018-19.

ICRA Limited**Annexure IV****II. Property, plant and equipment**

Property, plant and equipment of the Company were as under:

Particulars	As on March 31, 2019	As on March 31, 2020	(in Rs. crore) Growth (%)
Buildings	6.67	6.32	(-) 5 %
Computers and data processing units	0.81	0.63	(-) 23 %
Furniture and fittings	0.96	0.73	(-) 24 %
Office equipment	0.32	0.25	(-) 21 %
Electrical installation and equipment	0.38	0.30	(-) 21 %
Vehicle	0.30	0.13	(-) 56 %
Leasehold improvements	1.21	0.87	(-) 28 %
Right-of-use assets – building	-	19.56	-
Total	10.65	28.79	170 %

Your Company during 2019-20, added Rs. 2.30 crore to gross block, comprising Rs 0.64 crore in computers and data processing units, Rs. 0.03 crore in furniture and fittings, Rs. 0.11 crore in office equipment, Rs. 0.03 crore in electrical installation and equipment and Rs. 1.50 crore in Right-of-use-assets- building. Further, your Company has recognized a right of use asset amounting to Rs. 21.26 crore on account of the adoption of IndAS 116. During the period under review, your Company deducted Rs. 0.42 crore from the gross block on the disposal of various assets.

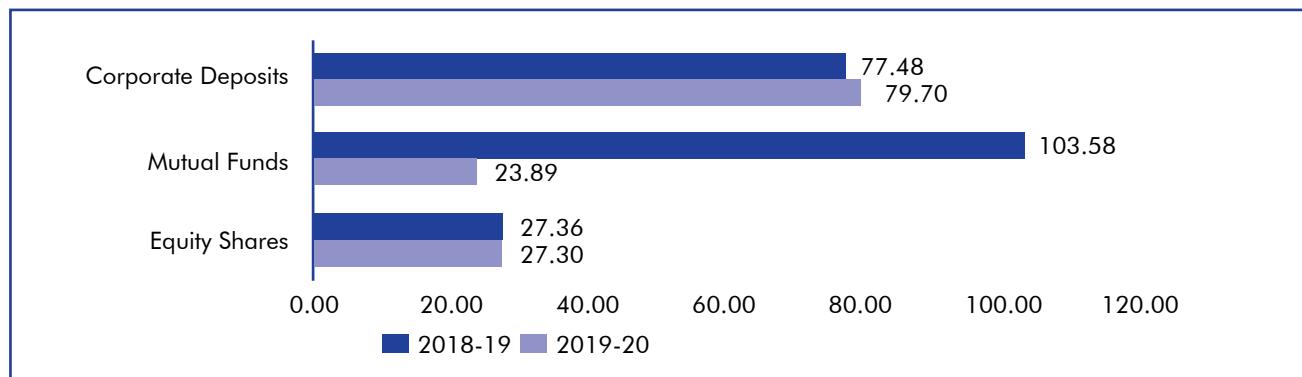
III. Intangible assets

Particulars	As on March 31, 2019	As on March 31, 2020	(in Rs. crore) Growth (%)
Computer software	0.03	0.03	(-) 28 %
Intangible assets under development	1.27	1.88	48 %

Your Company has Rs. 1.88 crore of intangible assets under development as at March 31, 2020.

IV. Financial assets

Financial assets mainly consist of investments, loans, trade receivables, cash and cash equivalents and bank balances.

(a) Investments (current and non-current)**Investment Profile**



Annexure IV

Particulars	(in Rs. crore)				
	As on March 31, 2019	% of Total	As on March 31, 2020	% of Total	Growth (%)
Non-Current Investments:					
(A) Investments in Equity Instruments					
In Equity Shares of Subsidiaries and Others	42.33	20%	42.27	32%	-
Less: Diminution due to change in carrying value of investments	(14.97)	(-7%)	(14.97)	(-)11%	-
Sub Total (A)	27.36	13%	27.30	21%	-
(B) Investments in Mutual Funds					
In Other Plans	103.58	50%	23.89	18%	(-) 77 %
Sub Total (B)	103.58	50%	23.89	18%	(-) 77 %
(C) Total Non-Current Investments (A+B)	130.94	63%	51.19	39%	(-) 61 %
Current Investments:					
(D) Investment in Corporate Deposits	77.48	37%	79.70	61%	3 %
(E) Total Current Investments (D)	77.48	37%	79.70	61%	3 %
Total Investments (C+E)	208.42	100%	130.89	100%	(-) 37 %

The Company deploys its internal accruals and surplus funds primarily in mutual funds, fixed deposits and corporate deposits as per its investment policy approved by the Board of Directors. The Investment Committee decides from time to time the overall investment in each category, based on the market conditions. The Audit Committee reviews investments made by the Company along with applicable limits and current ratings of the instruments or/and counterparties. The decrease in total investment was mainly due to the deployment of internal accruals in fixed deposits.

(b) Loans, trade receivables, cash & cash equivalents and bank balances and other financial assets

Particulars	(in Rs. crore)		
	As on March 31, 2019	As on March 31, 2020	Growth (%)
Non-current			
(a) Loans			
(a) Loans	3.70	3.79	2 %
(b) Other financial assets	24.91	7.75	(-) 69 %
Current			
(c) Loans	0.29	0.22	(-) 25 %
(d) Trade receivables			
Receivables	23.83	37.06	56 %
Allowances for doubtful receivables	(4.40)	(3.66)	(-) 17 %
Net trade receivables	19.43	33.39	72 %
Trade receivables as % of operating income	8 %	16 %	
(e) Cash & cash equivalents and bank balances	338.94	435.24	28 %
(f) Other financial assets	19.34	21.87	13 %

ICRA Limited**Annexure IV**

Non-current loans include security deposits.

Other non-current financial assets consist of bank deposits with maturity for more than 12 months from the reporting date.

Net trade receivables were Rs. 33.39 crore as on March 31, 2020 as against Rs. 19.43 crore as on March 31, 2019. The increase in trade receivables was mainly due to slow recovery of debtors as compared to the previous year. Trade receivables as a percentage of operating income increased from 8% during 2018-19 to 16% during 2019-20.

Cash & cash equivalents and bank balances as on March 31, 2020 was Rs. 435.24 crore as against 338.94 crore as on March 31, 2019. The cash and cash equivalents consist of Rs. 1.46 crore in current accounts and Rs. 0.02 crore as cash on hand. The other bank balance consists of Rs. 433.47 crore in deposit accounts with original maturity for more than three months but less than 12 months from the reporting date, Rs. 0.12 crore in unpaid dividend account and Rs. 0.18 crore earmarked against bank guarantees.

V. Equity**(a) Equity share capital**

Your Company has only one class of equity shares having a par value of Rs. 10 each. The capital structure of the Company is as follows:

Particulars	(in Rs. crore)	
	As on March 31, 2019	As on March 31, 2020
Authorised:		
1,50,00,000 Equity Shares of Rs. 10 each	15.00	15.00
Issued, subscribed and fully paid up:		
96,51,231 Equity Shares of Rs. 10 each (previous year 96,51,231 Equity Shares of Rs. 10 each)	9.65	9.65
	9.65	9.65

The issued subscribed and paid-up capital stood at Rs. 9.65 crore divided into 96,51,231 equity shares of Rs. 10 each.

(b) Other equity

Other equity consists of capital reserve, capital redemption reserve, general reserve, other comprehensive income and retained earnings. Other equity of the Company stood at Rs. 572.88 crore as on March 31, 2020 as against Rs. 538.59 crore as on March 31, 2019.

VI. Financial liabilities

Particulars	As on March 31, 2019	As on March 31, 2020	Growth (%)
Non-current			
(a) Other financial liabilities	1.49	15.89	968 %
Current			
(a) Trade payables	4.77	9.39	97 %
(b) Other financial liabilities	14.42	6.88	(-) 52 %



Annexure IV

Other financial liabilities-Non-current increased from Rs. 1.49 crore as at March 31, 2019 to Rs. 15.89 crore as at March 31, 2020. The reason for increase is capitalisation of future lease payments on present value on account of adoption of Ind AS 116.

Trade payables were higher as on March 31, 2020 as compared to previous year due to higher provision of expenses relating to legal and professional and additional audit fees to auditors on account of the incremental efforts incurred by them on the ongoing regulatory matters, in the current financial year as compared to previous financial year.

Other financial liabilities-Current decreased 52% at the end of fiscal year 2019-20 mainly due to the following reasons:

- (a) the net salary for the month of March and leaves encashment payments to employees were payable at the previous year end, whereas the same were paid before the year end in FY 2019-20; and
- (b) decrease in incentive payable under long-term individual pay-out plan.

VII. Other liabilities

Particulars	As on March 31, 2019	As on March 31, 2020	(in Rs. crore)
Other non-current liabilities	0.00	0.00	-
Other current liabilities	54.63	51.13	(-) 6 %
Total other liabilities	54.63	51.13	(-) 6 %

Other non-current liabilities consist of deferred finance income and other current liabilities consisting of deferred finance income, unearned revenue, statutory dues payable and advances received from customers. Total other current liabilities decreased by 6% as on March 31, 2020 as against March 31, 2019 mainly due to lower unearned revenue.

VIII. Key financial ratios

Key financial ratios are provided in the table below.

Particulars	As on March 31, 2019	As on March 31, 2020	(in Rs. crore)
Debtors turnover (no. of days)	32	58	
Inventory turnover	N.A.	N.A.	
Interest coverage ratio	N.A.	N.A.	
Current ratio	4.82	6.89	
Debt equity ratio	N.A.	N.A.	
Operating profit margin (%)	37.6%	24.8%	
Net profit margin (%)	34.9%	26.2%	
Return on net worth (%)	17.5%	11.2%	

N.A.: Not applicable

ICRA Limited

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There is significant change, i.e. change of 25% or more, as compared to the immediately previous financial year, in key financial ratios. The increase in debtor's turnover (no. of days) was mainly due to stretch in non-banking financial companies' sector and increase in debtors and reduction in revenue on the other side.

The operating profit and net profit margins were adversely impacted due to muted growth in revenue and higher expenses. Decline in PAT has impacted significantly on return on net worth. The significant increase in current ratio was mainly due to higher balances with banks in deposits accounts with original maturity less than twelve months.

H. Material Developments in Human Resources/Industrial Relations, including Number of People Employed

The Company, with total employee strength of 445 as of year-end 2019-20, continues to accord high priority to human resource development, with emphasis on improving skill, competence and knowledge through regular training and in-house/external professional development programmes. Besides, the Company has a consultative and participative management style, and is committed to providing the best possible work environment and facilities to employees at all levels. As a result, the relation between the employees and the Management of your Company has remained harmonious till date.

On behalf of the Board of Directors

(Arun Duggal)
Chairman
DIN: 00024262

Place: Kasauli

Date: July 28, 2020

Forward-Looking Statements May Prove Inaccurate

This Annual Report contains certain forward-looking statements that may be identified by words, phrases, or expressions including, but not limited to, "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.



Annexure V

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

To

The Members

ICRA Limited

Flat No.1105 Kailash Building,
11th Floor 26, Kasturba Gandhi Marg
New Delhi - 110001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ICRA Limited** (hereinafter called "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996, the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following regulations prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**")
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable during the period)**.
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable during the period)**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable during the period)**

ICRA Limited

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(vi) As informed and certified by the Management of the Company the following regulations are specifically applicable to the Company based on their sector/ industry:

1. Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999;
2. Securities and Exchange Board of India (Intermediaries) Regulations, 2008.

We have also examined compliance with the applicable clauses / regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs;
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has substantially complied with the provisions of the Act, rules, regulations, guidelines, standards, etc. mentioned above except mentioned below:

The settlement application filed before the Securities and Exchange Board of India ("**SEBI**") by the Company on February 15, 2019 against the show cause notice dated December 17, 2018 received from SEBI regarding adjudication proceeding under Rule 4 of SEBI (Procedure for holding inquiry and imposing penalties by adjudicating officer) Rules, 1995 in relation to credit ratings assigned to one of its customers and the customer's subsidiary (the "Initial SCN"), was rejected by SEBI vide its letter dated June 28, 2019, thereafter SEBI concluded its adjudication proceedings, and vide its adjudication order dated December 26, 2019, imposed a penalty of INR 25 lakh on the Company under section 15HB of SEBI Act, 1992 in respect of the Initial SCN. Further, SEBI issued a show cause notice ("Subsequent SCN") dated January 28, 2020 under Section 15-1 (3) of SEBI Act, 1992, for enhancement of said penalty amount in respect of the Initial SCN.

Management of the Company advised that the Company filed an appeal challenging the said adjudication order (the "Impugned Order") before the Securities Appellate Tribunal ("SAT") and deposited the penalty amount of INR 25 lakh as imposed vide the Impugned Order without prejudice to such appeal, and the said appeal application was pending on March 31, 2020.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. During the period under review, the Members of the Company at the Annual General Meeting held on September 28, 2019 approved the proposal for removal of Mr. Naresh Takkar as Director of the Company, by passing an ordinary resolution based on the Special Notice received from a Member of the Company. Filling up of the casual vacancy caused due to this removal and other changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent in advance (and at a shorter notice for which necessary approvals obtained), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings and committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or committee of the Board, as the case may be.



We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, no specific events / actions took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For **Chandrasekaran Associates**

Company Secretaries

Rupesh Agarwal

Managing Partner

Membership No. A16302

Certificate of Practice No. 5673

UDIN: A016302B000290708

Date: 01.06.2020

Place: Delhi

Notes:

- i. The Secretarial Audit Report ("Report") is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this Report.
- ii. Due to restricted movement amid COVID-19 pandemic, we conducted the Secretarial Audit by examining the secretarial records including Minutes, Documents, Registers and other records etc., some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are true and correct.
- iii. This Report is limited to the statutory compliances on laws / regulations / guidelines listed in our report which have been complied by the Company up to the date of this Report pertaining to Financial Year ended on March 31, 2020. We are not commenting on the statutory compliances whose due dates have been extended by the regulators due to COVID-19 pandemic.

ICRA Limited

Secretarial Audit Report

Annexure-A

To

The Members

ICRA Limited

Flat No.1105 Kailash Building,
11th Floor 26, Kasturba Gandhi Marg
New Delhi - 110001

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on the random test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Chandrasekaran Associates**

Company Secretaries

Rupesh Agarwal

Managing Partner

Membership No. A16302

Certificate of Practice No. 5673

UDIN: A016302B000290708

Date: 01.06.2020

Place: Delhi



Annexure VI

Dividend Distribution Policy

OBJECTIVE OF THE POLICY

The objective of the Dividend Distribution Policy ('**the Policy**') of ICRA Limited ('**the Company**') is to maintain stability in the dividend payout of the Company, subject to the applicable laws and to ensure a regular dividend income for the members and long term capital appreciation for all stakeholders of the Company.

The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. The Board of Directors will refer to this Policy while declaring/ recommending dividends on behalf of the Company. Through this Policy, the Company would endeavor to maintain a consistent approach to dividend pay-out plans, subject to the applicable laws.

BACKGROUND

The Securities and Exchange Board of India ("**SEBI**") amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") by inserting a new Regulation 43A, effective from July 8, 2016. Regulation 43A requires that the top five hundred listed entities based on market capitalization (calculated as on March 31 every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their website. Considering the requirements of the aforesaid Regulation of the Listing Regulations, the Company has modified this Policy to align with the requirements specified under Regulation 43A of the Listing Regulations for distribution of dividend.

CIRCUMSTANCES UNDER WHICH THE MEMBERS MAY OR MAY NOT EXPECT DIVIDEND

The Members of the Company may or may not expect Dividend depending upon circumstances, including but not limited to the following circumstances:

1. Loss incurred or inadequacy of profits;
2. Utilisation of reserves and surplus for buyback of securities of the Company;
3. Acquisitions and/or any other potential strategic actions;
4. Investment in business;
5. Any other circumstance(s), which Board may consider not to recommend dividend.

PARAMETERS FOR DECLARATION OF DIVIDEND

I. Financial parameters and Internal factors for determining dividend

In determining the Company's dividend payout, the Board of Directors considers financial parameters and internal factors, including:

1. Stability of earnings;
2. Liquidity of funds;
3. Needs for additional capital;
4. Past dividend trends;
5. Dividend type and its time of payment;
6. Acquisitions and/or any other potential strategic actions;
7. Expansion of business made by the Company.

ICRA Limited

Annexure VI

II. External factors for determining dividend

In determining the Company's dividend payout, the Board of Directors considers external factors, including:

1. Prevailing legal requirements, tax rules, Government policies, statutory conditions or restrictions as may be provided under applicable laws;
2. State of the economy of the country;
3. Favourable state of the capital markets;

POLICY ON UTILIZATION OF RETAINED EARNINGS

The Company believes in continuing a reasonable balance between cash retention and distribution of dividend to its members. The Company believes in the requirement of cash retention for expansion and diversification of the Company including acquisitions to be made by it, and also as a means to meet contingency. The Company shall declare dividends for a financial year out of the profits of the Company for that year or out of the profits of the Company for any previous financial year or years after providing for depreciation in accordance with applicable laws. The Company has a practice of paying dividend on a yearly basis and has been consistently declaring and paying dividend.

The Company reserves the right to declare interim dividend during any financial year out of the surplus in the profit and loss account and out of the profits of the financial year in which such interim dividend is sought to be declared.

PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

At present, the Company has one class of equity shares having a par value of Rs. 10 each. Each member is eligible for one vote per share held. As and when the Company issues any other kind of shares, the Board of Directors may suitably amend this Policy.

PROCEDURE FOR DECLARATION OF DIVIDEND

- (a) Give prior intimation to the stock exchanges about the Board Meeting at which proposal for declaration/recommendation of dividend or the passing over of dividend is due to be considered at least 2 working days in advance, excluding the date of the intimation and date of the Board Meeting.
- (b) Recommend or declare all dividend at least five working days (excluding the date of intimation and the record date) before the commencement of the closure of its transfer books or the record date fixed for the purpose.
- (c) Immediately, on the date of the meeting of Board of Directors, intimate to the stock exchanges within 30 minutes of the closure of the Board Meeting, all dividends recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/despatched.
- (d) Declare or disclose dividend on a per share basis.

The dividends are recommended by the Board of Directors of the Company and voted upon thereafter at a general meeting of members of the Company.

AMENDMENTS/MODIFICATIONS

In case of any subsequent changes in the provisions of the Companies Act, 2013 or the Listing Regulations or Income Tax Act, 1961 or any other regulations which makes any of the provisions of this Policy inconsistent with the Act or the Regulations, then the provisions of the Act or the Regulations would prevail over this Policy and the relevant provisions contained in this Policy would be modified accordingly in due course to make it consistent with applicable laws.

If Company proposes to declare dividend on the basis of any parameters in addition to clauses (a) to (e) of Regulation 43A of the Listing Regulations or proposes to change parameters specified in this Policy, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

The Board of Directors of the Company may, subject to applicable laws, amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in this Policy will be resolved by the Board of Directors in line with the broad intent of this Policy.



Annexure VII

Annual Report on Corporate Social Responsibility

[Pursuant to clause (o) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

Corporate Social Responsibility at ICRA

Corporate Social Responsibility (CSR) has been in the core DNA of ICRA for decades. We, at ICRA, firmly believe that companies should, and must, wholeheartedly contribute towards corporate social responsibility. We aim to constantly stay a step ahead in dealing with positive change, create new value systems and contribute broadly to society. ICRA envisions to make stronger communities and enrich the lives of underprivileged people through its mission of promoting education, empowering youths with employable skills & livelihood and supporting environment. To accomplish its mission following programmes are conceptualised.

Skill Development Programmes

Digital Inclusion for Young Aspirants (DIYA)

This is a unique technology-driven skill development programme that helps create a pathway towards digital-age career opportunities for underprivileged youth. The training has integrated the cutting-edge technology i.e. Cloud Learning Management System, that makes learning more interesting and enables trainees to learn at their own pace. The programme provides foundation training in IT skills, workplace English and workplace readiness and subject-specific training like financial management, retail management, tally & hardware and networking. This project has been implemented in collaboration with the Anudip Foundation for Social Welfare in West Bengal.

Till date the programme has benefitted more than 1600 youth with nearly 71% employment records.

Women Entrepreneurship Programme

ICRA is deeply committed to skill-building and education with a special focus on empowering women. The project reaches out to 650 beneficiaries, including women in urban, semi-urban and rural areas engaged in livelihood activities across the identified districts of Gujarat.

The main aim of the programme is to develop a cadre of master trainers and equip them with the skills to impart financial education and business management skills. These master trainers also provide mentoring and handholding support to potential entrepreneurs and help in enhancing livelihood of the participants. The programme is designed to provide training on financial education and basic business management to 650 women members who are already involved in income-generating activities at the household level, as well as women who show intent and have the potential to take up any such activity.

Subsequently, these women undergo the livelihood skill development training, which helps them to either start, expand or diversify their businesses.

Making a Difference

This programme is aimed at developing sustainable livelihood and upliftment of socio-economic status of the underprivileged youth through skill training in the Banking, Financial Services and the Insurance (BFSI) sector. The project focuses and contributes to the multi-development aspects of the community, which includes youth empowerment, community engagement activity, job-oriented skills enhancement and placements. Youth from the marginalised communities like the Scheduled Caste (SC), Scheduled Tribes (ST) and from below poverty line (BPL) families are the target beneficiaries. Enrolled students are usually from Class 12, and are between the age group of 18 to 30 years.

They are prepared for jobs in the BFSI sector by undergoing training in sector-specific course curriculum, soft skills and personality development and a highly skilled workforce is thus created. Every year, the project aims to train 300 students with nearly 70% of the students finding employment.

ICRA Limited

Annexure VII

Education Programmes

Residential Learning Camp

Poverty and lack of quality school facilities in villages keep many children away from schools. These children then become a part of the young workforce, with particular physical and psycho-social effects. Since many tend to migrate for work, they are left to fend for themselves without family and adult support, thus making them vulnerable to the menace of trafficking.

The project aims to educate out-of-school children and ensures the completion of their education. Over the period of one cycle three camps are conducted, each of which is 55-60 days' duration. The Residential Learning Camp provides a conducive environment for their learning with a customised curriculum that works on the principle of multi-grade /multi-level teaching. This child-centric curriculum helps students bridge their learning gap at their own pace. Each child is taught about basic literacy skills, maths operations and they are exposed to various co-curricular activities. Till date this programme has benefitted approximately 600 children.

Inclusive Education

This project promotes inclusive education for the marginalised and the less privileged and provides equal opportunities and full participation to children with and without disabilities. Amar Jyoti operates an inclusive school for underprivileged children in Delhi. The approach to inclusive education at school is holistic and child-centric. It is a barrier-free school and students have access to special educators, therapist, vocational trainers, sports facilities, a hospital for regular health check-ups and other medical facilities. A barrier-free computer lab has been set up for students to increase e-learning opportunities. Continuous support has also been provided towards educating 50 children since October, 2015 and other school students by supporting them with a computer lab.

Sponsorship Programme

The VIDYA School, Gurugram and Deepalaya in Mewat district of Haryana, are NGO-run schools that house classrooms, laboratories, computers and a library. The quality of education and facilities are at par with some of the best public schools in the city. Both schools provide over 1100 slum and/or village children with quality education along with the best infrastructure and facilities. The aim is to equip the children well to utilise the opportunities of India's emerging economy and lead India into the future.

Through this programme, ICRA undertakes to provide holistic development of approximately 250 students through continuous educational support, since October 2015.

Environment Sustainability

Lake Restoration Project

Water is the most essential and critical resource that is becoming increasingly scarce in Bengaluru over the last few years. Lakes, especially within the city, are polluted and contaminated beyond repair; borewells and open-wells have dried up due to over-exploitation of groundwater reserves and absolute lack of water conservation measures. Water shortage is bound to cripple Bengaluru as the demand has reached an all-time high, with unprecedented growth, haphazard development and unplanned expansion of the city. The dependence on outside sources is soon going to hit a roadblock with rivers running dry due to erratic rainfall pattern following climatic changes. Therefore, it is extremely important and highly essential to restore and rejuvenate lakes and water-bodies and safeguard all possible water resources around the periphery and the peri-urban areas to sustain Bengaluru in the future. ICRA's lake restoration project was designed with the primary objective of improving and enhancing the water-holding capacity of the Singahalli Lake.

The project will be completed in two phases – resulting in better cropping patterns, more productivity of land, and reduction in water wastage near the area. ICRA has also pledged to plant more than 2000 trees to increase the green cover and floral diversity around the lake.



Annexure VII

Covid -19 Emergency Initiative

The coronavirus COVID-19 pandemic is the defining global health crisis of our time. As responsible citizens, we have also contributed a part of our CSR budget to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Funds (PM CARES Fund). These funds are being used for most critical activities like testing, setting up of isolation wards, procurement of personal protective gears, ventilators, post-rehabilitation, etc.

We are also planning various innovative value additions to the existing programmes to make them more impactful. Like-minded partnerships are making these models self-sustainable. Subsequently, ICRA also conducted a social impact assessment and SROI exercise for its DIYA and RLC programmes to identify and manage the social impact generated by these interventions. This exercise helped in predicting and mitigating negative impacts and identifying opportunities to enhance benefits for the key stakeholders, beneficiaries and to the larger society.

Some of the women DIYA beneficiaries, who are currently employed, expressed joy to say that if they had not been aware of the opportunities provided by ICRA, they would have been married or unemployed by now. This platform has given them a chance to become independent and provide financial support to their families.

Parents were excited to share how their children started grooming themselves every day and dressed neatly. Some of them even urged their parents and family members to implement these good practices at home. They appreciated several aspects of the program such as increased access to nutritious food, emotional support, regular health check-ups, hygiene and sanitation received by the children during the RLC.

At ICRA, we believe, employees are not only the backbone of a company, they also constitute the nerve centre of all these projects. We firmly believe that collective action accelerates the desired outcomes and therefore, the community, the implementation partner and ICRA plan to work cohesively as catalysts towards a result-oriented initiative - both qualitatively and quantitatively. Each employee gets an opportunity to engage with these projects, thereby getting associated with the beneficiaries and adding value to the project with their skills and knowledge.

In the last two years of our employee-volunteering initiatives, we have observed tremendous changes – a wave of change-makers, full of enthusiasm, has emerged as CSR Champions who facilitate our volunteering initiatives at various locations. These champions identify, create and implement initiatives with a great vigour - a great start to the Citizen Corporate Responsibility campaign.

Milestones Achieved

- ❖ Imparted skill training to more than 2000 youth & women and nearly 70% were employed following the training
- ❖ Helped 650 women with entrepreneurship training to run their own businesses
- ❖ Facilitated education to more than 1200 students by mainstreaming them

ICRA Limited**Annexure VII**

- ❖ Providing inclusive education to 50 people with disabilities each year
- ❖ Trained more than 400 teachers on mental health which impacted more than 7000 students
- ❖ Restored 25 acres of a lake by increasing its water-holding capacity

The CSR Policy has been uploaded on the website of the Company at <https://www.icra.in/Home/CSR>

I. Composition of CSR Committee

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the allied rules, the Company has duly constituted the CSR Committee, comprised of the following members:

1. Ms. Ranjana Agarwal, Chairperson

2. Mr. David Brent Platt

3. Mr. Michael Foley

II. Average net profit of the Company for last three financial years (2016-17; 2017-18; 2018-19): INR 1,19,43,38,023/-

III. Prescribed CSR expenditure (two per cent of the amount as in item 3 above): INR 2,38,86,760 /-

IV. Details of CSR spend during the financial year:

(a) Total amount to be spent for the financial year: INR 2,38,86,760/-

(b) Amount unspent, if any: Nil

(c) Manner in which the amount spent during the financial year is detailed below:

1.	2.	3.	4.	5.	6.		7.	8.
					Amount outlay (Budget) projects or programmes wise (Rs.)	Amount spent on the projects or programmes		
1	Residential learning camp	Cl (ii) Promoting education	Rajasthan: District Udaipur – Kaya village, block Girwa.	5,230,643	5,230,643	-	5,230,643	Implementing agency- Seva Mandir
2	Digital Inclusion for Young Aspirants (DIYA)	Cl (ii) employment enhancing vocational skills especially children, women, elderly	West Bengal: District- South 24 Parganas- Diamond Harbour, Mograhat	3,560,000	3,560,000	-	3,560,000	Implementing agency – Anudip Foundation for Social Welfare
3	Inclusive Education	Cl (ii) Promoting education, including special education among differently abled	New Delhi; Karkardooma	3,150,000	3,150,000	-	3,150,000	Implementing agency- Amar Jyoti Charitable Trust
4	Sponsorship towards education of underprivileged children	Cl (ii) Promoting education among children	Haryana: District- Gurgaon	1,571,000	1,571,000	-	1,571,000	Implementing agency- Vidya Integrated Development for Youths and Adults (VIDYA)



Annexure VII

1. S. No.	2. CSR Project or Activity identified	3. Sector in which the Project is covered	4. Projects or programmes (1) Local Area or other (2) Specify the state or district where projects or programmes were undertaken	5. Amount outlay (Budget) projects or programmes wise (Rs.)	6. Amount spent on the projects or programmes	7. Cumulative expenditure up to the reporting period	8. Amount spent: Directly or Through Implementing Agency
				Direct expenditure on programmes or projects (Rs.)	Overhead (Rs.)		
5	Making a Difference	Cl (ii) employment enhancing vocational skills	Bangalore: Doddugubbi	3,334,000	3,334,000	-	3,334,000 Implementing agency- Society for Education Welfare and Economic Development (SEED CSR)
6	Empowering and Educating Underprivileged Children	Cl (ii) Promoting education among children	Tauru, District Mewat, Haryana	2,467,000	2,467,000	-	2,467,000 Implementing agency-Deepalaya
7	Environment Sustainability	Cl (iv) Ensuring environment sustainability, protection of natural resources	Bengaluru, Karnataka	1,700,000	1,700,000	-	1,700,000 Implementing agency- Eco-watch
8.	Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund' (PM CARES Fund)	C1 (viii) contribution to fund setup by central govt.	-	2,874,117	2,874,117	-	2,874,117 Implementing agency- NA

V. In case the Company has failed to spend two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report: N/A

VI. The CSR Committee of the Company hereby confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and CSR Policy of the Company.

For ICRA Limited

For, CSR Committee of ICRA Limited

(Amit Kumar Gupta)*Whole-time Director & General Counsel*

DIN: 00352927

(Ranjana Agarwal)*Chairperson of the CSR Committee*

DIN: 03340032

Place: Gurugram

Date: June 25, 2020

ICRA Limited

Annexure VIII

Business Responsibility Report 2019-20

Section A: General information about the company

1. Corporate Identity Number (CIN) of the company : L74999DL1991PLC042749
2. Name of the company : ICRA Limited
3. Registered address : 1105 Kailash Building, 11th Floor 26, Kasturba Gandhi Marg, New Delhi-110001
4. Website : www.icra.in
5. E-mail id : investors@icraindia.com
6. Financial year reported : 2019-20
7. Sector(s) that the company is involved in (industrial activity code-wise) : Credit rating and research services, Code-66190
8. List three key products/services that the company manufactures/provides (as balance sheet) Rating, Grading, Research and other services.

Pursuant to the SEBI (Credit Rating Agencies) (Amendment) Regulations, 2018 along with its subsequent amendment(s) and clarifications issued by SEBI from time to time in this matter, a credit rating agency shall not carry out gradings and other related non-rating activities with effect from May 30, 2020. Accordingly, from this date, the Company does not accept any new business under these activities.

9. Total number of locations where business activity is undertaken by the company

National: ICRA Limited ("the Company") conducts its operation through nine locations

International: Sri Lanka and Nepal

10. Markets served by the company - Local/State/National/International

ICRA serves the Indian markets, along with the international customers through its subsidiary companies.

Section B: Financial details of the company

1. Paid up Capital (INR) : Rs. 965.12 lakh
2. Total Turnover (INR) : Rs. 20,778.26 lakh
3. Total profit after taxes (INR) : Rs. 6,497.98 lakh
4. Total Spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (%) : Rs. 238.86 lakhs, 2% of average net profit of the Company
5. List of activities in which expenditure in the above has been incurred:

Please refer to Principle 8 and Annual Report on Corporate Social Responsibilities activities

Section C: Other Details

1. Does the company have any subsidiary company/companies?

Yes



Annexure VIII

2. Do the subsidiary company/companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(ies)?

Yes, the subsidiary companies are guided by the Company and undertake initiatives as per the statutory requirements.

3. Do any other entity/entities (e.g. suppliers, distributors etc.), that the Company does business with, participate in the BR initiatives of the company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, more than 60%]

No

Section D: BR Information

1. Details of the Director/Director responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

- DIN Number: 00352927
- Name: Mr. Amit Kumar Gupta
- Designation: Whole-time Director & General Counsel

b) Details of the BR head

S. No	Particulars	Details
1.	DIN Number (if applicable)	00352927
2.	Name	Mr. Amit Kumar Gupta ¹
3.	Designation	Whole-time Director & General Counsel
4.	Telephone number	124-4545300
5.	E-mail id	amit.gupta@icraindia.com

¹appointed BR Head effective from July 28, 2020.

2. Principle-wise (as per NVGs) BR policy/policies (Reply in Y/N) (please refer Annexure 1 to know about the Principles)

S. No	Questions	P	P	P	P	P	P	P	P
		1	2	3	4	5	6	7	8
1.	Do you have a policy /policies for	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/international standards?	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy been approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y
	If yes, has it been signed by MD/owner/CEO/ Board of Directors?	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board of Directors/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be reviewed online	https://www.icra.in/RegulatoryDisclosure/Index							

ICRA Limited**Annexure VIII**

S. No	Questions	P	P	P	P	P	P	P	P
		1	2	3	4	5	6	7	8
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have an in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	-	-	-	-	-	-	-

2a. If answers to S.no.1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S. No	Questions	P	P	P	P	P	P	P	P
		1	2	3	4	5	6	7	8
1.	The company has not understood the Principles								
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles								
3.	The company does not have financial or manpower resources available for the task								N.A
4.	It is planned to be done within next 6 months								
5.	It is planned to be done within the next 1 year								
6.	Any other reason (please specify)								

3. Governance related BR

- Indicate the frequency at which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within three months, three to six months, annually, More than 1 year.

Annually

- Does the company publish a BR or a Sustainability Report? What is the hyperlink for reviewing this report? How frequently is it published?

Yes, the BR Report is published annually. The BR Report of the Company for the financial year 2018-19 is uploaded on the Company's website, www.icra.in, hyperlink is as under: <https://www.icra.in/Home/CSR>



Annexure VIII

Section E: Principle-wise performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGO/Others?

ICRA requires its employees and directors to conduct themselves according to the highest standards of integrity and ethics in all their business activities. We firmly believe that ethical conduct is good for business performance because it is essential for maintaining a relationship of trust with our customers. Our business conduct is also regulated by and in compliance with many laws relating to fraud, deceptive acts, bribery and corruption, consumer protection, competition, unfair trade practices, and property, including intellectual property such as patents, trademarks and copyrights. With this conviction, the Company has in place a Code of Business Conduct ("Code") which is adopted by all its subsidiaries as well. The Code details ICRA and its subsidiaries' commitment towards maintaining a high standard of integrity and considers ethics and values as an integral part of the way the business is conducted. The Company has zero tolerance for bribery and corruption, therefore, it has adopted the Anti Bribery & Anti-Corruption Policy (the ABAC Policy) which is also applicable to its subsidiaries. The ABAC Policy sets forth the obligations that every employee(s) needs to abide by and encourages employees to take necessary steps to report any act of suspicion to the compliance department. For service providers and vendors, compliance of anti-corruption laws is mandatory, and they need to maintain accurate financial records and promptly notify ICRA of any possible violation(s) of such laws and co-operate with any investigations or audits by ICRA for such potential violation(s).

To enhance market understanding and confidence, ICRA has also adopted the Code of Professional Conduct that articulates the standards of: maintaining high quality and integrity in the rating process; managing any conflict of interest; responsibilities to the investing public and issuers; and governance, risk management and training. Moreover, ICRA also has in place a Code of Conduct for the members of the Board of Directors and the Senior Management, which enshrines the scope and extent of their duties. Regular trainings and communications have taken place and continue to be planned to create awareness and educate employees about their responsibilities under the applicable codes. Additionally, there are separate guidelines to deal with any conflict of interest for investment/trading in securities. Any contravention of these guidelines is subjected to disciplinary action and appropriate reporting.

ICRA supports an open-door communication and encourages employees to resolve grievances that involve work environment by holding discussions with immediate supervisors or other senior managers. ICRA has, therefore, adopted a Whistle Blower Policy and Grievance Redressal Mechanism in this regard. ICRA has established a vigil and grievance redressal mechanism whereby directors and employees are encouraged to report unethical or improper activities through established channels, enabling an ethical and corruption free work environment. Employees may report any grievances, suspected/ actual violations of any laws or Company codes or policies by another employee, etc., to appropriate authorities under this policy. All grievances/complaints that are reported are resolved by or under the direction of the ICRA grievance committee and/or nominee appointed by the ICRA grievance committee. The ICRA grievance committee consists of 'EVP & Regional Head-West', 'Head, Human Resources' and 'General Counsel'.

Under the Whistle Blower Policy (capitalized terms used in this paragraph without definition shall have the respective meanings ascribed in the Whistle Blower Policy), any unethical and/or improper malpractices and/or events reported on the ICRA Integrity Hotline or otherwise will be thoroughly investigated under the supervision of the Managing Director, by any Investigator(s) appointed by the Managing Director, unless the complaint is against any Director, in which case, it will be thoroughly investigated by the Investigator(s) appointed and supervised by the chairperson of the Audit Committee, or the complaint is against the chairperson of the Audit Committee, in which case, then it will be thoroughly investigated by the Investigator(s) appointed and supervised by the chairman of the Company. In any case, the Investigator shall conduct an enquiry to ascertain the truth contained in the concern or complaint, if any, and shall authorize any person to collect necessary supporting evidence in order to consider the facts and circumstances thereon. Notwithstanding the foregoing, no investigation need be conducted under this Policy in relation to any such reported event that is also the subject of a separate investigation under any Code.

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2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

In this financial year, 27 stakeholders complaints were received and 100% of the complaints have been resolved. For details on shareholders/investors complaints and resolution, refer to the 'Stakeholders Relationship Committee' section under Corporate Governance Report of this Annual Report.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle

1. List up to three of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

During the period under review, ICRA carried out Solar Power rating for solar firms under the aegis of the Ministry of New and Renewable Energy (or MNRE). The entities rated included system integrators (SI) as well as renewable energy service companies (RESCO) for both solar photovoltaic and solar thermal applications. The Government of India has set a target of 100GW by 2022, a significant portion of which must be achieved from Grid Interactive Solar Rooftop PV plants players. To achieve the desired objective, it is crucial to identify and promote those firms which have the capacity and capability to undertake these projects. By rating solar companies, the Company provided reliable third-party opinion which could be used by end-users and investors while making decisions, thereby promoting renewable and sustainable sources of energy.

During financial 2019-20, we also carried out ESCO grading for companies which were involved in a performance-based contract with a client to implement measures which reduced energy consumption, under the aegis of the Bureau of Energy Efficiency (BEE). The ESCOs carried out energy audits and implemented energy efficiency practices in serviced organisations. Energy efficiency is recognised as one of the most cost-effective solutions to meet the growth in energy demand. Since there are savings in energy consumption, which otherwise would have been generated from fossil fuel-based generation, energy efficiency also plays a vital role in promoting sustainability and also mitigating climate change. This apart, energy efficiency paves the way for the current economic development without compromising on future resource availability. By carrying out ESCO grading, the Company provided reliable third-party opinion which can be suitably used by end-users and investors while taking decisions, thereby promoting energy efficiency.

ICRA also carried out grading of Micro Finance Institutions in India, which is an opinion on the relative capability of the Microfinance Institution (MFI) concerned to manage its microfinance activities in a sustainable manner. ICRA formed an opinion on an MFI's business risk by analysing, among other factors, an MFI's operating environment, governance structure, management and systems, scalability (in relation to business plans), and asset quality. Financial risk is assessed through an evaluation of factors including the MFI's liquidity position, funding policies, capitalisation profile and profitability.

By doing an MFI Grading, ICRA helped in development of a healthy micro finance business that is critical for financing of Self Help Groups (SHGs) and small businessmen. A stronger MFI network ensures sustained livelihood for people in the rural and semi-urban locations.

ICRA offers Microfinance Social Performance Assessment (SPA) which is designed to measure the social performance of a microfinance institution (MFI) based on an analysis of the manner in which the institution oversees, manages and monitors its performance to achieve its social mission. An MFI that performs better on the SPA has a higher likelihood of positively affecting the lives of its customers.

The SPA provides a transparent and comparable means of highlighting an MFI's strengths and weaknesses in terms of social performance, while also providing investors with the information needed to make more informed socially-oriented investment decisions.



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Pursuant to the SEBI (Credit Rating Agencies) (Amendment) Regulations, 2018 along with its subsequent amendment(s) and clarifications issued by SEBI from time to time in this matter, a credit rating agency shall not carry out gradings and other related non-rating activities with effect from May 30, 2020. Accordingly, from this date, the Company does not accept any new business under these activities .

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

i. Has reduction during sourcing/production/distribution been achieved since the previous year throughout the value chain?

N.A

ii. Has reduction during usage by consumers (energy, water) been achieved since the previous year?

N.A

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

i. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

ICRA, being a credit rating agency, is relatively less resource-intensive in terms of material sourcing. Our major requirements are office or IT-related material.

4. Has the company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

To make the procurement of goods and services in a prudent manner, ICRA has adopted a procurement policy that ensures high-value procurement. While evaluating vendors, the Company encourages in providing opportunities to local and small vendors. While carrying out business with them, the Company ensures to make timely payments and if required during the bulk procurement, support is also extended in the form of an advance payment.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also provide details thereof, in about 50 words or so.

Please refer Principle 6

Principle 3: Businesses should promote the well-being of all employees

At ICRA, we put the employee first and strive to continuously enhance and provide an enriching employee experience. This inspires employees to give their best and make the most of open learning situations, growth opportunities and participate in organisational activities.

The ICRA workplace culture is built on ethics, trust, respect, openness and collaboration. To promote such a culture, ICRA celebrates monthly themes & key festivals like Environment Month, Reader's Month, Independence Day, Diwali, Christmas, etc. To revitalise the work environment, we actively promote a flexible culture of celebration and success at work and mark employees' birthdays, service anniversaries, conduct quiz competitions, outdoor team-building activities, Bring your Kids to Work initiatives, Dress for Success guidelines, etc. To support women at ICRA, we celebrate International Women's Day with key emphasis on support and care for our women colleagues.

At ICRA, we lay strong emphasis on employee care, well-being and safety. To ensure maximum support and flexibility amidst the current world pandemic crisis, ICRA has taken necessary precautionary measures to curb the situation, like: setting up of Covid-19 Response Teams to provide regular updates on the situation; proactively activating BCP plans;

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and implementing Dedicated HR Hour & Virtual Engagement Activities to engage employees, Employee Assistance Programmes to provide psychological help & support, and Health Declaration of Employees to keep track of their well-being. Apart from this, to provide regular extended support, we have a Work-From-Home policy in place, transport support guidelines, creche support for employee's children and advance Maternity Leave for our women colleagues. The Company fosters a friendly, supportive and safe work environment. The Company prohibits sexual harassment and believes that all employees have the right to be treated with dignity and respect. An Internal Complaints Committee has been constituted in accordance with the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013. ICRA takes considerable effort and ensures employees are aware of the POSH Act through e-learning programmes and workshops.

ICRA provides equal employment opportunities and firmly believes in empowering and nurturing talent. Being focused and result-oriented are ingrained in ICRA employees. The Company believes in growing leadership and promoting talent internally. ICRA recruits, hires, employs, trains, promotes and compensates individuals based on job-related qualifications and abilities. To provide learning opportunities, ICRA has an Internal Job Posting Process, which recognises that an individual must be given the right opportunities to develop as a professional. To attract, motivate and retain our valuable talent we reward employees based on performance and merit. Deserving employees are eligible to participate in the Long-term/ deferred incentive plan focused on retaining critical talent in the Company. Additionally, the Company invests in an employee's training and development, which also results in the overall improved performance of the Company. We run Leadership programmes to ensure our top leadership is equipped to handle large and diverse teams. To enhance learning opportunities, ICRA owns a vast Digital Library with themes and topics ranging across domains, where employees can order and read any book they wish to learn from. We also encourage employees to use the online training platform – Intuition - for technical and soft skill upgradation as part of their self-development.

We have a systematic on-boarding programme to equip new hires with adequate information and skills required to be purposeful at work. To ensure that new employees feel welcomed at the workplace we have a focused intervention called NOVA Chats, which is an engagement programme with new hires who have completed 60 days to gather their feedback and ensure integration within the firm. For recognition, we have a structured half-yearly rewards programme, i-strive, to appreciate and thank all performance enthusiasts who continually strive to make a difference in the Company. Recognition in the Company is not confined to a top-down phenomenon and employees are encouraged to appreciate subordinates, peers and seniors.

To enhance communication and employee participation within the organisation, we have constituted a Talent Advisory Group with representation from employees to help in designing and executing key initiatives impacting employees. Employee Interest Groups are formed which are volunteered by employees and spearheaded by sponsors aiming at interaction within the organisation. Groups like ICRA Social, Wellness and the Environment & Sustainability are formed to pursue initiatives on social and environment-related concerns. With an open and flexible work environment, we also encourage our employees to participate in our suggestion scheme – AIM: All Ideas Matter – which promotes anonymous generation of ideas and suggestions.

ICRA is committed to complying with all environmental, health and safety laws and regulations of the country and localities in which we do business. The Company believes it is our obligation to respect the environment in the worldwide communities where we operate and live. We are committed to operating in a way that protects and preserves our environment and nature.

1. Please indicate the total number of employees.
445 on rolls as on March 31, 2020
2. Please indicate the total number of employees hired on temporary/contractual/casual basis.
27 off-roll associates
3. Please indicate the number of permanent women employees.

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4. Please indicate the number of permanent employees with disabilities.
Zero
5. Do you have an employee association that is recognised by the management?
N.A
6. What percentage of your permanent employees consist of the members of this recognised employee association?
N.A
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

S. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour/forced labour/ involuntary labour	The company does not hire child labour, forced labour or involuntary labour. No complaint	Not Applicable
2.	Sexual harassment	One case	Zero
3.	Discriminatory employment	There is no discrimination in the recruitment process of the Company	Not Applicable

There was one complaint received during the period under review which was not pursued further by the concerned Internal Committee in absence of critical information required under the Company's Prevention of Sexual Harassment Policy for consideration.

8. What percentage of your under-mentioned employees were given safety & skill upgradation training last year?

Employee safety is of prime importance to us. The Company conducts periodic basic fire safety trainings, and evacuation drills for employees across all branches. Employees are sensitised about the safety norms and they are also educated, and demonstrations held on the use of fire-fighting equipment. Nearly 90% of the employees have received safety training. ICRA continues to focus on equipping employees with the requisite knowledge and skill.

The Company provides various trainings like orientation sessions with the new employees, skill enhancing sessions and other leadership mentoring programmes etc. Almost 89% of the permanent employees and 86% of the permanent women employees were given skill upgradation trainings in this financial year.

Principle 4: Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

1. Has the company mapped its internal and external stakeholders?

ICRA believes that building strong relationships with the stakeholders by engaging them on an equitable basis helps grow our business. We acknowledge their contribution in achieving each milestone and enabling us to create a value-driven business. Our key stakeholders are our shareholders, employees, vendors, customers and regulators. For transparency, we have established a mechanism for communication with all our stakeholders. We conduct shareholder meetings, share information about the Company's performance and key developments on the Company's website and disseminate relevant information timely to external stakeholders through a defined medium.

The employees are the assets of our Company and we value their dedication and their discretionary effort to help the Company succeed, and we endeavour to provide them a safe, healthy, cultured and competitive environment. We acknowledge their strengths and, therefore, to enhance their knowledge, we provide regular learning opportunities. To have a two-way communication with employees, we have platforms like the town hall meeting, face time, fresh eye sessions etc. so that every employee can interact with the senior management team. Employees are also motivated to participate in various engagement opportunities that are highlighted in Principle 3.

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Customers are the lifeblood of our business and we take pride in providing quality and valued services to them. To strengthen the relationship with our customers, we have various communication channels. In addition to, having regular interactions with them we also share insights on recent economic, financial, infrastructure, sectoral matters and other developments through the ICRA insight-newsletter, seminars and regular webinars.

2. Out of the above, has the company identified the disadvantaged, vulnerable and marginalised stakeholders?
N.A.
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.

Please refer Principle 8

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

We believe that all employees of ICRA and its subsidiaries have the right to be treated equally with dignity and respect. We respect human rights and appropriate action is taken in case of infringement. The Company recruits, hires, employs, trains, promotes and compensates individuals based on job-related qualifications and abilities. ICRA and its subsidiaries also have a longstanding policy of providing a work environment that respects the dignity and worth of each individual and is free from all forms of unlawful employment discrimination, including harassment because of race, colour, gender, age, religion, national origin, citizenship, marital status, sexual orientation, gender identity, genetic information, disability or any other characteristic protected by law. Our goal is to build an organisational environment that encourages the full participation of all members of our diverse workforce and enables everyone to use the full range of their talents, skills and abilities to serve our customers. Unlawful discrimination and harassment, including sexual harassment, discriminatory harassment, and other workplace conduct prohibited by local law is not tolerated. This prohibition applies to all unlawful discrimination and harassment occurring in the work environment, whether in the office, at customer-related or ICRA-related events outside the office, or using Company resources, including electronic mail, voice mail and the internet. If an employee says that he or she has been subjected to or has witnessed discrimination or harassment in the workplace by a non-employee, the employee will be informed of the ICRA policy and appropriate corrective action and preventive steps will be taken.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Please refer to Principle 1 & 3

Principle 6: Businesses should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extend to the group/joint ventures/suppliers/contractors/NGOs/Others?

ICRA and its subsidiaries are committed to complying with all environmental, health and safety laws and regulations of the country and localities in which we do business. The Company believes it is our obligation to respect the environment in the worldwide communities where we operate and live. We are committed to operating in a way that protects and preserves our environment and natural resources and maintains a healthy, safe and environmentally-sound workplace.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

The Company is extremely conscious of its operations and has taken some initiatives in the limited space. We manage our operations to make optimum use of resources.



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'E-waste' (end-of-life electrical and electronic equipment products), given its environmental and health hazards, has become a long-term, serious social problem and an environmental threat, which needs immediate attention. E-waste contains toxic and hazardous materials and chemical flame retardants, which has the potential to leak into the soil and water. To conserve natural resources and energy, needed to produce new electronic equipment from virgin resources, electronic equipment can be refurbished, reused, and recycled instead of being land filled.

In ICRA, we have pledged to conserve the environment through e-waste management by giving away corporate e-waste (old computers and peripherals) every year to e-waste management agencies as part of our little contribution to the environment, our country and its people. The Company also demonstrates its commitment through paper recycling in partnership with Via. Green, a Government of India (DIPP) approved CSR agency. In this financial year, we have exchanged 10280 kg paper with office stationery and saved 262 trees. Energy efficiency is not just an isolated effort by companies to be cost-efficient and ready to compete on the global market – it is also a core target of sustainable economic, ecological and social management which reflects the Company's responsibility towards the society. For us, Green IT has become a key business strategy to help in energy conservation and efficiencies. We have pledged to conserve energy by an initiative towards paperless online HR system. This is likely to help us reduce the paper footprint, reduce manual intervention, manual documentation of HR records and help us contribute to our employees, organization and society. Apart from these, the Company consciously monitors to take steps like using cloud-based servers to reduce energy consumption, endorsement of various environment awareness campaigns, making use of reusable cups and plates, encourage employees to make use of platforms like video conferencing and audio chatting, installation of LED lights etc.

3. Does the company identify and assess potential environmental risks? Y/N
N.A
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
N.A
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.
Please refer principle 6 point 2
6. Are the emissions/waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?
N.A
7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on the end of Financial Year.
N.A

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:

The Company is a member of various industry associations such as AACRA, ASSOCHAM, FICCI, CII, etc.

2. Have you advocated/ lobbied through the above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)
No.

ICRA Limited**Annexure VIII****Principle 8: Businesses should support inclusive growth and equitable development**

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes, the Company and its group companies have been undertaking various activities under Corporate Social Responsibility (“CSR”), in compliance with Section 135 of the Companies Act, 2013 (the “Act”) read with Schedule VII of the Act. The policy has been laid down and the Annual Plan is prepared and implemented under the guidance of the CSR Committee of the Company. We aim to impact the lives of people through various education, skill development and environmentally-sustainable projects. Each programme has its own monitoring system and a mechanism that ensures transparency and quality. To create a much larger impact, the Company provides ICRA employees a platform to contribute and engage in the CSR activities. Under the volunteering initiative, we conduct various activities that help in strengthening the projects. Through this medium we also ensure that each employee is deeply aware of the social concerns and his/her duties towards society. It helps in embedding social responsibility into the system and hence making the idea of CSR sustainable.

The brief about the projects is as follows:

- a) Digital Inclusion for young Aspirants (DIYA): DIYA provides the disadvantaged youth with in-demand employment skills and provides an opportunity to learn through various technology support. All the course curriculum is uploaded in a Cloud Learning Management System and is conducted through an online portal, which comprises audio-video animation and live screen recordings, that make the courses interesting and easy to understand for an individual. It is a three-month course for a student that focuses on developing the job skill needs. The programme provides foundation training in IT skills, workplace English and workplace readiness and subject-specific training like Financial Management, Retail Management, Tally & Hardware and Networking etc. This project was started in November 2015 with the Anudip Foundation with 120 students and now annually it trains 500 students through two centres in rural West Bengal.
- b) The Residential Camp (RLC): In the rural districts of Rajasthan, the poverty and lack of quality school facilities wean away many children from schools. This camp is designed to bridge the learning gap and provide an accelerated curriculum so that these children can complete their education through the one-year residential camp. Over the period of one cycle, 3 camps are conducted for 55-60 days each. These camps provide basic literacy skills, operations of maths and personal hygiene, it also focuses on regular health check-ups, co-curricular activities like sports, cultural programmes like dancing and singing and computer basics. This year ICRA extended its support to three camps for 100 children. This project is being implemented in collaboration with Seva Mandir.
- c) Inclusive Education: The project celebrates the strength of each child by promoting inclusive education for marginalised children and children with disabilities. The project helps them build their confidence by honing their latent skills. It is a joint project with the Amar Jyoti Charitable trust in Delhi wherein students are provided with the constant guidance of special educators and therapists. Beneficiaries are also trained in vocational skills like bakery, making paper and jute bags, pottery, jewellery-making etc. The regular health check-ups and medical facilities, barrier-free infrastructure and assistive aids motivates them to continue their education despite various challenges. The Company also has been providing operational support to the computer lab in the campus to provide children of cross disabilities with enhanced e-learning opportunities.
- d) Sponsorship Project: The other notable projects being run along with Vidya Integrated Development for Youths and Adults (VIDYA), Gurgaon and Deepalaya, Mewat - provides education to underprivileged children. Under this project, students are encouraged to achieve their full potential in the academic, creative, physical, emotional, spiritual and moral sphere.
- e) Make a Difference: This project is a collaborative effort of ICRA and the Society for Education Welfare and Economic Development (SEED) in Mumbai to develop sustainable livelihood and upliftment of socio-economic status of the underprivileged youth by providing them with job-oriented skill training in the BFSI sector. The project focuses and contributes in multi-development aspects of the community, which includes youth empowerment, engagement of community, job-oriented skills enhancement and placements.



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- f) Women Entrepreneurship programme: The project has a holistic approach to women's entrepreneurship development, incorporating financial education, business management and local livelihood skills. The approach aims to make these enterprises run by these rural women in Gujrat sustainably by providing skills that utilise local knowledge and resources so that their house-hold income is enhanced. Friends of WWB, India is the implementing partner.
- g) Lake Restoration project: ICRA, with the main objective of improving & enhancing the water holding capacity of the Singahalli lake, designed its lake restoration project under its newly incorporated intervention of environment sustainability. The project will be completed in 2 phases resulting in better cropping patterns, more productivity of the land, more water-holding capacity and reduction in water wastage near the area.
- h) Covid -19 Emergency Initiative: As responsible citizens, we have also contributed a part of our CSR budget to the PM CARES (Prime Minister's Citizen Assistance and Relief in Emergency Situations) Fund. Identifying the shortage and equipment needs in our hospitals following the contribution was done.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures or any other organisation?

Each project is implemented through partners who have the strength, expertise and experience in their respective thematic areas. The rigorous protocol of conducting due diligence is followed in finalising the like-minded partner. Please refer the above point to know more about the partners.

3. Have you done any impact assessment of your initiative?

Each CSR project is result-oriented, so a mechanism of reviewing all its initiatives is placed wherein the progress of each project is assessed on a quantitative and a qualitative parameter along with its overall impact on the beneficiaries. The desired objectives (performance parameter) of all the projects are stated at the commencement of the project and regular monitoring, review and course correction measures are taken, if required. This financial year a third-party Impact assessment analysis and social return on investment was conducted for two of the projects i.e. RLC and DIYA. The report of the same can be generated on request.

4. What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

The total expenditure in the financial year 2019-20 is Rs. 238.86 lakh. Please refer CSR Annual Report for more details.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so

Community development is the ultimate agenda of all the initiatives undertaken by the Company. The projects are designed to reflect the need of the beneficiaries. ICRA encourages active participation of the key stakeholders in the implementation of the projects and ensures sustainability of the programmes.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What is the percentage of customer complaints/consumer cases pending as on the end of the financial year?
ICRA has only one customer injunction petition in the Madras High Court.
2. Does the company display products information on the product label, over and above what is mandated as per local laws? Yes/No/N.A / Remarks (additional information)

No

ICRA Limited

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3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No

4. Did your company carry out any consumer survey/consumer satisfaction trends?

The Company has not conducted any formal survey in this financial year. However, to measure the consumer satisfaction level, the Company gets the survey done periodically through an external party. Also, the Company frequently monitors and receives feedback from the customers through interactions at various forums.

Annexure 1

National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business

Principle 1 : Businesses should conduct and govern themselves with ethics, transparency and accountability

Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle

Principle 3 : Businesses should promote the well-being of all employees

Principle 4 : Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

Principle 5 : Businesses should respect and promote human rights

Principle 6 : Businesses should respect, protect, and make efforts to restore the environment

Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Principle 8 : Businesses should support inclusive growth and equitable development

Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner



Annexure IX

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not on an arm's length basis:

S. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advance, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
Nil								

2. Details of material contracts or arrangement or transactions on an arm's length basis:

S. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advance, if any
Nil						

For and on behalf of the Board of Directors of **ICRA Limited**

Place: Kasauli
Date: July 28, 2020

(Arun Duggal)
Chairman
(DIN: 00024262)

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Independent Auditor's Report

To the Members of ICRA Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the Standalone Financial Statements of ICRA Limited ("the Company"), which comprise the Standalone Balance Sheet as at 31 March 2020, and the Standalone Statement of Profit and Loss (including Other Comprehensive Income), Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects/ possible effects, if any, of the matter described in the "Basis for Qualified Opinion" section of our report, aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the State of Affairs of the Company as at 31 March 2020, and Profit and Other Comprehensive Income, Changes in Equity and its Cash Flows for the year ended on that date.

Basis for Qualified Opinion

Attention is drawn to note 29 of the Standalone Financial Statements, wherein it is explained that the Company is in the process of addressing certain ongoing matters.

First, in respect of an adjudication proceeding ("Adjudication Proceeding") initiated by the Securities and Exchange Board of India ("SEBI") in relation to the credit ratings assigned to one of the Company's customers and the customer's subsidiaries, SEBI issued an order imposing a penalty of INR 25 lakh under section 15HB of the SEBI Act, 1992 on the Company. Further, SEBI issued a Show Cause Notice ("SCN") for enhancement of penalty amount. The Company has filed an appeal challenging the adjudication order before the Securities Appellate Tribunal (the "SAT") and deposited the penalty amount of INR 25 lakh without prejudice to such appeal. The said appeal is pending before the SAT. The Company has also been cooperating with government agencies and responding to their queries in relation to this matter.

Second, the Board of Directors ("Board") had appointed external experts to examine and report on anonymous representations making certain allegations against two former officials, which were forwarded to the Company by SEBI ("Representations"). During the examination of the aforesaid Representations, certain counter allegations were made by one of the two former officials, for which the Board appointed a second set of external experts to examine such allegations.

Based on our sighting and briefing of the findings of the external experts, the findings indicate that the conduct of the aforesaid officials was not in conformity with certain applicable regulations and Company policies relating to credit rating activities. The aforesaid officials are no longer in the employment of the Company. The external experts have expressed that no evidence was found suggesting ex-facie that the ratings examined as part of the examination were inflated (i.e. were unsupported by ratings analysis). Further, as per external experts, this is subject to the limitation that the determination of whether or not any ratings are supported by ratings analysis, is a qualitative technical matter that was beyond the scope of the examination as the examination was not aimed at reviewing the appropriateness of rating opinions on merits.

Based on our sighting and briefing of the findings of the second set of external experts, the findings do not indicate any material deficiencies with applicable regulations and Company policies.

The findings of the external experts have been presented to the Board members. As informed to us, the Board is in the process of taking steps with regard to the outcome of the examinations.

Third, the Company directly received another anonymous representation during the year ended 31 March 2020 against certain of its existing officials and the examination thereof is in progress.

Fourth, the Company had received a letter from SEBI seeking comments on observations made in the interim report dated July 15, 2019 prepared by Grant Thornton India LLP, which was commissioned by the IL&FS group. As informed to us, the Company had submitted its responses to SEBI on such observations dated 14 August 2019 and there has been no further development in this matter.

While the Company has made a provision for penalty on a best estimate basis with regard to the Adjudication Proceeding, the impact of uncertainties arising from SEBI's powers against non-compliances of aforesaid regulatory framework and other matters stated above are currently unascertainable. Consequently, we are unable to estimate the impact, if any, that may result from a conclusion of these matters or any related inquiry, on the Standalone Financial Statements for the year ended 31 March 2020.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditors' Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Standalone Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined that the matter described below to be the key audit matters to be communicated in our report:

Description of Key Audit Matter

a) Revenue recognition

See note 3.2 to the Standalone Financial Statements

The key audit matter	How the matter was addressed in our audit
<p>The revenue relating to rating and grading, where customers' acceptance is required, is recognized upon issuance of press release or disclosure of unaccepted ratings on the Company's website. For other cases, revenue is recognized upon transfer of control of promised services to the customers.</p> <p>There is a risk that revenue is recognized for all services before the transfer of control of the service to customer is completed.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Evaluation of the design and implementation and operating effectiveness of internal controls relating to revenue recognition process. • On selected sample of contracts, tested revenue recognition, and our procedures included: <ul style="list-style-type: none"> - evaluating the identification of performance obligations; - considering the terms of the contracts to determine the transaction price; and - inspection of the date of transfer of control of service and recording of revenue at an appropriate date. • Tested revenue recognition for cut-off transactions on sample basis to assess whether the customer has obtained the control of service and whether the timing of revenue recognition is appropriate. • Assessed the adequacy of the disclosures in accordance with the relevant accounting standard.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the Standalone Financial Statements and our auditor's report thereon. The Company's Annual Report is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the State of Affairs, Profit/Loss and Other Comprehensive Income, Changes in Equity and Cash Flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design,



implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the Standalone Financial Statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) Except for the effects of restricted access and limited information provided to us with respect to underlying documents supporting the work of the external experts and the effects of the matter described in the Basis for Qualified Opinion paragraph above, we have sought and 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 it appears from our examination of those books.
 - c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under section 133 of the Act.
 - e) Based on the legal opinions obtained by the Company from reputed external counsels, the Company does not foresee an action from the regulator(s) that could adversely affect the functioning of the Company. However, in our opinion, the matter described in the Basis for Qualified Opinion paragraph above, may have an adverse effect on the functioning of the Company.
 - f) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - g) With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its Standalone Financial Statements – Refer Note 28 and 29 to the Standalone Financial Statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
 - iv. The disclosures in the Standalone Financial Statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these Standalone Financial Statements since they do not pertain to the financial year ended 31 March 2020.
- (C) With respect to the matter to be included in the Auditor's Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Shashank Agarwal
Partner
Membership No.: 095109
ICAI UDIN: 20095109AAAAEO6130

Place: Gurugram
Date: 14 July 2020



Annexure A referred to in our Independent Auditor's Report to the Members of ICRA Limited on the Standalone Financial Statements for the year ended 31 March 2020

- (i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (property, plant and equipment).
(b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. However, the Company has not carried out such physical verification of its fixed assets during the year ended 31 March 2020. As informed to us, no material discrepancies were noticed on such verification in the previous year.
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) According to the information and explanations given to us, the Company is a service company, primarily rendering rating, research and other services to corporate and non-corporate customers. Accordingly, it does not hold any inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies or other parties covered in the register maintained under Section 189 of the Act. Further, there are no firms and limited liability partnerships covered in the register required under Section 189 of the Act. Accordingly, para 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no loans, investments, guarantees, and security where provisions of Section 185 and 186 of the Act are required to be complied with. Accordingly, paragraph 3(iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits covered under Section 73 to 76 of the Act.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records by the Company under sub-section (1) of Section 148 of the Act for any of the activities carried out by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services tax, Cess and other material statutory dues as applicable, have generally been regularly deposited during the year by the Company with the appropriate authorities though there has been a slight delay in a few cases. As explained to us, the Company did not have any dues on account of Duty of customs.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services tax, Cess and other material statutory dues as applicable to it, were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

Also refer note 28 of the Standalone Financial Statements, wherein, it is explained that on account of the uncertainty with respect to the applicability of the Hon'ble Supreme Court Judgement on the provident fund matter, management has not recognized and deposited any additional provident fund amount with respect to the previous years.

- (b) According to the information and explanations given to us, there are no dues in respect of Goods and Services tax, Sales tax, and Value added tax which have not been deposited with the appropriate authorities on account of any dispute. However, according to the information and explanation given to us, the following dues of Income-tax and Service tax have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Amount in (Rupees in lakhs) *	Payment under protest in (Rupees in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	19.97	Nil	F.Y. 2000 – 2001	The Assessing Officer
		0.44	Nil	F.Y. 2002 – 2003	
		2.00	Nil	F.Y. 2003 – 2004	Income Tax Appellate Tribunal
		278.62	Nil	F.Y. 2010 – 2011	
		462.04	Nil	F.Y. 2011 – 2012	
		366.93	Nil	F.Y. 2013 – 2014	
		66.82	Nil	F.Y. 2014 – 2015	
		53.18	Nil	F.Y. 2015 – 2016	
		262.15	Nil	F.Y. 2012 – 2013	The Commissioner Income Tax (Appeals)
		438.80	Nil	F.Y. 2016 – 2017	
		41.96	Nil	F.Y. 2003 – 2004	High Court
Finance Act, 1994	Service Tax	1.99	Nil	F.Y. 2001 – 2002	Assistant Commissioner of Central Excise
		11.40	11.40	F.Y. 2001 – 2002 to 2004 – 2005	The Commissioner (Appeals) of Central Excise

* Amount as per demand orders including interest and penalty, wherever indicated in the order.

According to the information and explanations given to us, the Company did not have any dues on account of Duty of excise and Duty of customs.

- (viii) According to the information and explanations given to us, the Company did not have any outstanding dues to any financial institutions, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) According to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, paragraph 3(ix) of the order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year. However, attention is invited to "Basis for Qualified Opinion" section of our Audit Report on the Standalone Financial Statements for the year ended 31 March 2020, which deals with certain ongoing matters. The consequences (if any) which may arise in the future upon conclusion of such ongoing matters have not been considered for reporting under this clause.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid/ provided by the Company in accordance with provisions of Section 197 read with Schedule V of the Act.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.



- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details have been disclosed in the standalone financial statements, as required by the applicable accounting standards.
- (xiv) According to information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

Shashank Agarwal
Partner

Membership No.: 095109
ICAI UDIN: 20095109AAAAEO6130

Place: Gurugram
Date: 14 July 2020

Annexure B to the Independent Auditor's report on the Standalone Financial Statements of ICRA Limited for the year ended 31 March 2020

Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Adverse Opinion

We have audited the internal financial controls with reference to Standalone Financial Statements of ICRA Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

In our opinion, because of the effects/possible effects, if any, of the material weaknesses described below on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were not operating effectively as at 31 March 2020, based on the internal financial controls with reference to Standalone Financial Statements criteria established by the Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

We have considered the material weaknesses identified and reported below in determining the nature, timing, and extent of audit tests applied in our audit of the Standalone Financial Statements of the Company for the year ended 31 March 2020 and the material weaknesses have affected our opinion on the said Standalone Financial Statements and we have issued a qualified opinion on the said Standalone Financial Statements.

Basis for Adverse Opinion

As explained inter-alia in the "Basis for Qualified Opinion" section of our Audit Report on the Standalone Financial Statements for the year ended 31 March 2020, pursuant to examinations by the external experts appointed by the Board of Directors of the Company of anonymous representations received by the Company, non-compliances of certain applicable regulations and Company policies relating to credit rating activities, including override of certain internal controls by senior management officials, have been identified, which indicates that the control environment was ineffective as at 31 March 2020. This could potentially result in legal/ penal implications on the Company. The Company is in the process of undertaking remedial steps over a defined period of time towards strengthening its control environment. Pending the outcome of aforesaid non-compliances and conclusion of certain other ongoing matters, the completeness of identification of control deficiencies cannot be ascertained.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management's and Board of Directors' Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining Internal Financial Controls based on the Internal Financial Controls with reference to Standalone Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Standalone Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls with reference to Standalone Financial Statements were established and maintained and whether such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls with reference to Standalone Financial Statements and their operating effectiveness. Our audit of Internal Financial Controls with reference to Standalone Financial Statements included obtaining an understanding of such Internal Financial Controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion on the Company's Internal Financial Controls with reference to Standalone Financial Statements.

Meaning of Internal Financial controls with Reference to Standalone Financial Statements

A Company's Internal Financial Controls with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's Internal Financial Controls with reference to Standalone Financial Statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial controls with Reference to Standalone Financial Statements

Because of the inherent limitations of Internal Financial Controls with reference to Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls with reference to Standalone Financial Statements to future periods are subject to the risk that the Internal Financial Controls with reference to Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

Shashank Agarwal
Partner
Membership No.: 095109
ICAI UDIN: 20095109AAAAEO6130

Place: Gurugram
Date: 14 July 2020

ICRA Limited**Balance Sheet as at March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	4	2,879.24	1,065.00
(b) Intangible assets	5	2.52	3.48
(c) Intangible assets under development		188.18	126.73
(d) Financial assets			
(i) Investments	6.1	5,118.64	13,094.32
(ii) Loans	7.1	379.17	370.21
(iii) Other financial assets	8.1	775.35	2,490.57
(e) Deferred tax assets (net)	9	417.20	399.74
(f) Non-current tax asset (net)	10	742.01	722.45
(g) Other non-current assets	11.1	11.58	302.23
Total non-current assets		10,513.89	18,574.73
(2) Current assets			
(a) Financial assets			
(i) Investments	6.2	7,969.99	7,747.76
(ii) Trade receivables	12	3,339.31	1,942.56
(iii) Cash and cash equivalents	13	148.07	1,266.18
(iv) Bank balances other than (iii) above	14	43,376.35	32,628.13
(v) Loans	7.2	21.93	29.43
(vi) Other financial assets	8.2	2,186.75	1,933.79
(b) Other current assets	11.2	805.28	539.85
(c) Assets held for sale		27.74	27.74
Total current assets		57,875.42	46,115.44
Total assets		68,389.31	64,690.17
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	15	965.12	965.12
(b) Other equity	16	57,287.92	53,859.47
Total equity		58,253.04	54,824.59
Liabilities			
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	17.1	1,588.55	148.81
(b) Provisions	18.1	152.57	139.29
(c) Other non-current liabilities	19.1	-	0.27
Total non-current liabilities		1,741.12	288.37
(3) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	20	10.37	1.53
(A) Total outstanding dues of micro and small enterprises: and			
(B) Total outstanding dues other than micro and small enterprises		928.18	475.63
(ii) Other financial liabilities	17.2	687.74	1,442.36
(b) Provisions	18.2	1,547.99	2,055.17
(c) Current tax liabilities (net)	21	107.47	139.96
(d) Other current liabilities	19.2	5,113.40	5,462.56
Total current liabilities		8,395.15	9,577.21
Total liabilities		10,136.27	9,865.58
Total equity and liabilities		68,389.31	64,690.17
Significant accounting policies	3		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors of **ICRA Limited****For B S R & Co. LLP***Chartered Accountants*

ICAI Firm Registration No.: 101248W/W-100022

Shashank Agarwal*Partner*

Membership No.: 095109

Place: Gurugram

Dated: July 14, 2020

Amit Kumar Gupta*Whole-time Director &**General Counsel*

(DIN: 00352927)

Arun Duggal*Chairman*

(DIN: 00024262)

Vipul Agarwal*Interim Chief Operating Officer &**Group Chief Financial Officer***S. Shakeb Rahman***Company Secretary*

**ICRA Limited****Statement of Profit and Loss for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)*

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I Revenue from operations	22, 44	20,778.26	23,013.83
II Other income	23	4,057.40	4,452.79
III Total income (I+II)		24,835.66	27,466.62
Expenses			
IV Employee benefit expenses	24	10,510.73	10,742.49
V Finance costs	25	166.22	3.32
VI Depreciation and amortisation expense	26	537.64	243.42
VII Other expenses	27	4,415.87	3,370.72
VIII Total expenses (IV to VII)		15,630.46	14,359.95
IX Profit before tax (III-VIII)		9,205.20	13,106.67
Tax expense:	9		
Current tax		2,706.57	3,471.77
Deferred tax		0.65	37.60
X Total tax expense		2,707.22	3,509.37
XI Profit after tax (IX-X)		6,497.98	9,597.30
Other comprehensive income			
(i) Items that will not be reclassified to profit or (loss)	33, 42	(71.95)	(32.61)
(ii) Income tax relating to items that will not be reclassified to profit or loss	9	18.11	9.50
XII Other comprehensive income, net of income tax		(53.84)	(23.11)
XIII Total comprehensive income for the year (XI+XII)		6,444.14	9,574.19
XIV Earnings per share (Rupees) (face value of Rupees 10 per share):	31		
1) Basic		67.55	98.36
2) Diluted		67.55	98.32
Significant accounting policies	3		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors of **ICRA Limited****For B S R & Co. LLP**
Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

Shashank Agarwal
Partner
Membership No.: 095109Place: Gurugram
Dated: July 14, 2020**Amit Kumar Gupta**
Whole-time Director & General Counsel
(DIN: 00352927)**Arun Duggal**
Chairman
(DIN: 00024262)**Vipul Agarwal**
*Interim Chief Operating Officer & Group Chief Financial Officer***S. Shakeb Rahman**
Company Secretary

ICRA Limited**Cash Flow Statement for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Cash flow from operating activities		
Profit before tax	9,205.20	13,106.67
Adjustments for		
Depreciation and amortisation expense	537.64	243.42
Bad debts/ advances written off (net of provisions)	213.71	136.96
Loss on sale/ write off of property, plant and equipment (net)	0.43	-
Interest on lease liabilities	164.75	-
Other interest costs	1.47	3.32
Short term lease rentals	18.44	-
Long term individual payout funded through Trust (Refer note 16 a)	474.83	279.95
Interest income on fixed deposits	(3,013.67)	(2,224.80)
Interest income on investments	(639.27)	(428.65)
Gain on financial assets carried at FVTPL (net)	(314.52)	(1,116.82)
Advances received from customers written back	(178.91)	(195.97)
Dividend from subsidiary companies	(21.47)	(550.51)
Profit on sale of property, plant and equipment (net)	-	(63.96)
Adjustment on adoption of Ind AS 115	-	(146.94)
Operating cash flow before changes in operating assets and liabilities	6,448.63	9,042.67
Adjustments for changes in operating assets and liabilities		
(Increase)/ decrease in trade receivables	(1,609.79)	385.45
(Increase)/ decrease in loans	(1.46)	(181.55)
(Increase)/ decrease in other financial assets	(109.08)	19.51
(Increase)/ decrease in other assets	(313.76)	(425.34)
Increase/ (decrease) in trade payables	461.39	137.75
Increase/ (decrease) in other financial liabilities	(1,085.00)	739.02
Increase/ (decrease) in other liabilities	(170.52)	(226.62)
Increase/ (decrease) in provisions	(565.85)	(14.42)
Cash generated from operations before tax	3,054.56	9,476.47
Taxes paid, net of refund	(2,757.55)	(3,435.45)
Net cash generated from operating activities (A)	297.01	6,041.02
B. Cash flow from investing activities		
Purchase of property, plant and equipment, intangible assets and intangible assets under development including capital advances	(146.22)	(242.62)
Sale proceeds from property, plant and equipment and intangible assets	10.25	455.87
Sale proceeds from redemption/ disposal of mutual funds	8,290.20	18,351.27
Investment (made in)/ redemption in corporate deposits (net)	(222.23)	(1,568.01)
Interest received on investments	653.21	480.50
(Increase)/ decrease in fixed deposits (having maturity of more than three months), (net)	(9,040.68)	(13,807.22)
Interest received on fixed deposits	2,870.51	1,385.56
Dividend received from subsidiary companies	12.75	547.32
Net cash generated/ (used) in investing activities (B)	2,427.79	5,602.67

**ICRA Limited****Statement of Profit and Loss for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
C. Cash flow from financing activities		
Payment towards buy back of shares (Refer note 41)	-	(8,539.88)
Payment of lease liabilities	(174.04)	-
Interest paid on lease liabilities	(164.75)	-
Short term lease rentals	(18.44)	-
Dividend paid	(2,895.37)	(2,970.99)
Dividend distribution tax paid	(595.15)	(500.29)
(Decrease)/ increase in unclaimed dividend	4.84	(0.21)
Net cash generated (used) in financing activities (C)	(3,842.91)	(12,011.37)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(1,118.11)	(367.68)
Add: Cash and cash equivalents at the beginning of year	1,266.18	1,633.86
Cash and cash equivalents at the end of the year	148.07	1,266.18
Components of cash and cash equivalents (Refer note 13)		
Cash on hand	2.38	1.81
Balances with banks		
In current accounts	145.69	1,264.37
Cash and cash equivalents at the end of the year	148.07	1,266.18

Note:

Cash Flow Statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

Significant accounting policies (Refer note 3)

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors of **ICRA Limited**

For B S R & Co. LLP
Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

Shashank Agarwal
Partner

Membership No.: 095109

Place: Gurugram
Dated: July 14, 2020

Amit Kumar Gupta
Whole-time Director & General Counsel
(DIN: 00352927)

Vipul Agarwal
Interim Chief Operating Officer & Group Chief Financial Officer

Arun Duggal
Chairman
(DIN: 00024262)

S. Shakeb Rahman
Company Secretary

Statement of Changes in Equity for the year ended March 31, 2020
 (All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	Note No.	Equity share capital	Attributable to equity shareholders					Total equity
			Capital reserve	Securities premium	Capital redemption reserve	Share based payment reserve	General reserve	
Opening balance as at April 01, 2018								
Adjustment on adoption of Ind AS 115, net of tax	990.33	-	5,078.29	9.67	97.91	11,166.12	39,813.37 (104.15)	(69.93) 57,085.76 (104.15)
Opening balance after adjustment of Ind AS 115	990.33	-	5,078.29	9.67	97.91	11,166.12	39,709.22 9,597.30	(69.93) 56,981.61 (23.11) 9,597.30 (23.11)
Profit after tax								
Other comprehensive income, net of tax								
Total comprehensive income for the year								
Options exercised	35	95.53		(95.53)	2.38		9,597.30	(23.11) 9,574.19
Options lapsed	35	(25.21)	(5,173.82)	25.21		(2.38)	(3,366.06)	
Buyback of equity shares/ capital redemption reserve	41						(2,970.99) (500.29)	(8,539.88)
Dividend on equity shares	32							(2,970.99) (500.29)
Dividend distribution tax	32							279.95
Capital reserve created during the year								
Closing balance as at March 31, 2019								
965.12	279.95	-		34.88	-	7,802.44	45,835.24	(93.04) 54,824.59
Opening balance as at April 01, 2019								
Profit after tax	965.12	279.95	-	34.88	-	7,802.44	45,835.24	(93.04) 54,824.59
Other comprehensive income, net of tax								
Total comprehensive income for the year								
Dividend on equity shares	32						6,497.98	6,497.98
Dividend distribution tax	32							(53.84) (53.84)
Capital reserve created during the year	16 (a)	474.83	754.78	-	34.88	-	7,802.44	48,842.70
Closing balance as at March 31, 2020								

Significant accounting policies (Refer note 3)

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
 ICAI Firm Registration No.: 101248W/W-100022
Shashank Agarwal
Partner
 Membership No.: 095109

Place: Gurugram
 Dated: July 14, 2020

For and on behalf of the Board of Directors of **ICRA Limited**

Amit Kumar Gupta
*Whole-time Director &
 General Counsel*
 (DIN: 00352227)
Vipul Agarwal
*Interim Chief Operating Officer &
 Group Chief Financial Officer*

S. Shakeeb Rahman
Company Secretary



ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

1 Corporate information

ICRA Limited (formerly Investment Information and Credit Rating Agency of India Limited) ('the Company') 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. ICRA is a public limited Company incorporated and domiciled in India, with its registered office in New Delhi. It is listed on BSE Limited and the National Stock Exchange of India Limited. It has various subsidiaries involved in rating, management consulting and outsourcing and information services etc.

2 Basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Companies (Indian Accounting Standards) Rules 2015 and other relevant provisions of the Act.

These financial statements have been prepared on the historical cost basis and on an accrual basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 Share-based Payments and measurements that have some similarities to fair value but are not fair value, such as 'value in use', in Ind AS 36 Impairment of assets.

These financial statements are presented in Indian Rupees (Rs) which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakh and upto two decimal places, unless otherwise stated.

The financial statements were authorised for issue by the Company's Board of Directors on July 14, 2020.

2.1 Use of estimates, judgements and assumptions

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets and liabilities. Actual results may differ from these estimates and assumptions.

Estimate and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively.

The Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements.

a) Provisions and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractual and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgements and the use of estimates regarding the outcome of future events.

b) Revenue recognition

In case of initial rating a portion of the fee is allocated towards first year surveillance based on management's estimate. Surveillance fees from second year onwards is recognised when there is reasonable certainty of collection. The assessment of reasonable certainty involves exercise of significant judgements on client co-operation for surveillance which includes receipt of information for performing surveillance rating and realisation of fees.

c) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Assumptions and estimation uncertainties

The key assumptions concerning the future uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

i) Impairment of non-financial assets and investment in subsidiaries

Non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of cash inflows of other assets or CGU's.

Investment in subsidiaries are tested for impairment at least annually or when events occur or changes in circumstances indicate that the recoverable amount of the asset or CGU's to which these pertain is less than its carrying value.

The recoverable amount of a CGU or an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU or asset.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples and other available fair value indicators.



ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

ii) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on Company's history, existing market conditions as well as forward looking estimates at the end of each reporting period.

iii) Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, withdrawal rate and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

iv) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

v) Recognition of deferred tax assets

Deferred tax assets are recognised for temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which they can be used. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

2.2 Fair value measurement

The Company measures both its financial and non-financial assets and liabilities such as investments, security deposits, loan to staff, trade payables, payable to employees etc. at fair value at each balance sheet date using valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Division II of Schedule III to the Act.

Based on the nature of activities of the Company, the Company has determined its operating cycle as twelve months for the purpose of classification of its assets and liabilities as current and non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

3.2 Revenue recognition

The Company earns revenue primarily from the rating, grading, surveillance and other services.

The first year rating and grading fees includes free surveillance for first twelve months or the period of instrument, whichever is shorter, from the date of rating and grading. A portion of the fee is allocated towards first year free surveillance based on management's estimate. The revenue related to initial rating and grading is recognised upon issuance of press release or disclosure of unaccepted ratings on the Company's website. Surveillance fee, to the extent of reasonable certainty of collection, is recognised over the surveillance period (ignoring fractions of months).

For other services, revenue is recognized upon transfer of control of promised services to the customers.

Unearned revenue represents advance billing for which services have not been rendered.

Unbilled revenue represents services rendered for which invoices are yet to be raised.

Out of pocket expenses which are recoverable from customers, are recognised both as expenditure and revenue.

3.3 Other income

Dividend income is recognised when the unconditional right to receive the income is established, which is generally when shareholders approve the dividend.

Interest income on bank deposits is recognised using effective interest rate, on time proportionate basis.

For accounting policy on income from other financial instruments refer para 3.4.



ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

3.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Trade receivable and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company became party to the contractual provision of the instrument.

A financial asset or financial liability is initially recognised at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets

On initial recognition, financial asset is classified as measured at:

- Amortised cost
- Fair value through other comprehensive income (FVTOCI) – debt investments
- FVTOCI – equity investments or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for mapping of financial assets.

A financial asset is measured at the amortised cost if both of the following conditions are met and is not designated as at FVTPL

- the asset is held within a business model whose objective is to hold assets and collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A 'debt investment' is measured at FVTOCI if both of the following conditions are met and is not designated as at FVTPL:

- the assets is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual term of the financial asset give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investments that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in Other comprehensive income (OCI) (designated as FVTOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL.

ICRA Limited**Notes to the financial statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit and loss. Any gain or loss on derecognition is recognised in profit and loss.
Debt investments at FVTOCI	These assets are subsequently measured at fair value. Interest income under effective interest method and impairment are recognised in profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI reclassified to profit and loss.
Equity investments at FVTOCI	These assets are subsequently measured at fair value. Dividend are recognised as income in profit and loss unless the dividend clearly represents recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit and loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognised in profit and loss.

Financial liabilities:

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is designated as such on initial recognition. Financial liabilities are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are measured at amortised cost using effective interest method. Interest expense and foreign exchange gains or losses (if any) are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit and loss.

Derecognition***Financial assets***

The Company derecognises a financial asset when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities

The Company derecognises a financial liability when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.



ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.5 Property, plant and equipment

Recognition and measurement

Property, plant and equipment and capital work in progress are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprise of its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other cost directly attributable to bring the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful life, then they are accounted for as separate item of property, plant and equipment.

An item of property, plant and equipment or any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefit of associated with the expenditure will flow to the Company. All other expenditure is recognised in the Statement of Profit and Loss.

Depreciation

Depreciation is calculated on cost of item of property, plant and equipment less their estimated residual value over their estimate useful lives using written down value method and is recognised in the Statement of Profit and Loss. Assets acquired under leasehold improvements are depreciated using straight line method over the primary period of the lease or useful life of the assets whichever is shorter. The primary lease period for this purpose includes any lease period extendable at the discretion of the lessee.

The estimated useful lives of items of property, plant and equipment are as follows:

Asset	Useful life as per schedule II (in years)
Buildings	60
Computers and data processing units (including Servers, Network)	3-6
Furniture and fittings	10
Office equipment	5
Electrical installation and equipment	10
Vehicles	8

ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Depreciation method, useful lives and residual value are reviewed at each financial year-end and adjusted if appropriate. Management believes that its estimates of useful lives as given above, represents the period over which management expects to use these assets.

Depreciation on addition/ disposal is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready to use (disposed of).

Assets individually costing up to Rs. 5,000 are fully depreciated in the year of purchase.

3.6 Intangible assets

Recognition and measurement

Intangible assets acquired separately are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortization and accumulated impairment losses (if any).

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Profit and Loss.

Amortisation

Amortisation is calculated to write off the cost of the intangible assets over their estimated useful lives using the written down value method, and is included in depreciation and amortisation in the Statement of Profit and Loss.

The estimated useful lives of items of intangible assets is as follows:

Asset	Useful life (in years)
Computer softwares	10

Amortisation method, rate and residual value are reviewed at each financial year-end and adjusted if appropriate. Management believes that its estimates of useful lives as given above, represents the period over which management expects to use these assets.

Amortisation on addition/ disposal is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready to use (disposed of).

Intangible assets under development

Identifiable intangible assets under development are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured. Intangible assets under development is measured at historical cost and not amortised. These assets are tested for impairment on annual basis.

3.7 Leases

Effective 1 April 2019, the Company has applied Ind AS 116, 'Leases'. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company has applied Ind AS 116 using the modified retrospective approach. As a result, the comparative information has not been restated.



ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

The Company's significant lease arrangements are primarily in respect of office premises. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 1 April 2019.

Company as a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

The Company has applied the practical expedient to grandfather the definition of a lease on transition. This means that it has applied Ind AS 116 to all the contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

In the comparative period, operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its operating nature.

Rental income arising from sub-leasing of office premises is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit and loss.

3.8 Investment in subsidiaries

Investment in subsidiaries is carried at cost less impairment as per Ind AS 27 Consolidated and Separate Financial Statements. On disposal of investment in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

3.9 Impairment

Impairment of financial instruments

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are debt instruments and are measured at amortised cost, e.g., loans, debt securities, deposits, trade receivables and bank balance.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables and recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

For other financial assets, ECL are measured at an amount equal to the 12 month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as expense or income in the Statement of Profit and Loss.

Impairment of non-financial assets and investment in subsidiaries

Non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of cash inflows of other assets or CGU's.

Investment in subsidiaries are tested for impairment at least annually or when events occur or changes in circumstances indicate that the recoverable amount of the asset or CGU's to which these pertain is less than its carrying value.

The recoverable amount of a CGU or an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU or asset.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment loss is recognised in the Statement of Profit and Loss.

An impairment loss in respect of assets, which has been recognised in prior years, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment has been recognised.

3.10 Non-current assets held for sale

Non-current assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value. Any resultant loss on a disposal group is allocated first goodwill (if any), and then to remaining assets and liabilities on pro-rata basis, except that no loss is allocated to financial assets, deferred tax assets and employee benefit assets which continue to be measured in accordance with the Company's other accounting policy. Assets and liabilities classified as held for sale are presented separately in the balance sheet. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the Statement of Profit and Loss.

Once classified as held for sale, property, plant and equipment and intangible assets are no longer depreciated or amortised.



ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

If the criteria for classifying assets in to held for sale are no longer met, the Company cease to classify the assets as held for sale.

The Company measure a non-current asset that ceases to be classified as held for sale at the lower of:

- its carrying amount before the assets were classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the assets not been classified as held for sale, and
- its recoverable amount at the date of the subsequent decision not to sell.

3.11 Projects work in progress

Projects work-in-progress represent direct cost incurred against rating and grading cases wherein work has been initiated but rating and grading is yet to be concluded and amount is expected to be recovered.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances with bank, Short-term deposits and investments with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cashflows, cash and cash equivalent consists of cash on hand, balances with bank, short-term deposits and investments as stated above, net of outstanding bank overdrafts (if any).

3.13 Foreign currencies

The Company's financial statements are presented in Indian rupee, which is also its functional currency.

Transactions in foreign currencies are translated into the functional currency at the exchange rate at the date of the transaction or an average rate if the average rate approximate the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

3.14 Employee benefits

Short term employee benefit

All employee benefits which are expected to be settled wholly before twelve months after the end of annual reporting period in which the employees render the related service are short term employee benefits. Short term employee benefit obligations are measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Defined contribution plan

Provident Fund is a defined contribution plan. The Company makes specified monthly contributions towards government administered Provident Fund scheme and Employees' State Insurance. Obligation for contributions to defined contribution plan is recognised as an employee benefit expense in profit and loss in the period during which the related services are rendered by employees. The Company has no obligation, other than the contribution payable in the scheme.

ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Defined benefit plan

The Company's gratuity benefit plan is a defined benefit plan. The gratuity liability for employees of the Company is funded through gratuity fund established as a Gratuity Trust. The Company's net obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value of economic benefits and the fair value of any plan assets is deducted.

The calculation of defined benefit obligation is performed as at the Balance Sheet date and determined based on actuarial valuation using the Projected Unit Credit Method by a qualified actuary. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirement.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on government securities as at the Balance Sheet date.

Remeasurements of the net defined liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of annual period to the then-net defined benefit liability (asset), taking in to account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

Other long-term employee benefits

Long term individual payout ('LTIP') plan and compensated absences are other long-term benefits provided by the Company.

The Company's net obligation in respect of LTIP is the amount of benefit that employees have earned in return for their services in the current and prior periods and discounted to determine its present value. From the financial year 2018-19, the LTIP is funded by the ICRA Employees Welfare Trust. Hence, the Company has charged such employees' expense in the Statement of Profit and Loss with a corresponding credit to Capital Reserve.

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by a qualified actuary as at the Balance Sheet date using Projected Unit Credit method on the additional amount expected to be paid/ availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense for non-accumulated compensated absences is recognised in the period in which absences occur.

3.15 Share based payments

The Company recognise compensation expense relating to share-based payments using fair value in accordance with Ind AS 102 'Share based payments'. The estimated fair value of awards is charged to income on a straight line basis over the service period for each separating vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account.

3.16 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.



ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Provisions are determined by discounting the expected future cashflows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future losses are not provided for.

3.17 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3.18 Income tax

Income tax comprises current and deferred tax. It is recognised in profit and loss except to the extent that it relates to an item recognised directly in equity or other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous year. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantially enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intention to realize the asset and settle the liability on a net basis, or simultaneously.

Deferred tax

Deferred tax is recognised for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statement. Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which they can be used. Deferred tax assets and liabilities are measured using tax rate and tax laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect of change in tax rate on deferred tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

3.19 Earnings per share

The basic earnings per share are calculated by dividing the net profit attributable to equity by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit attributable to equity during the year and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the year unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Anti dilutive effect of any potential equity shares are ignored in the calculation of diluted earnings per share.

3.20 Corporate social responsibility (CSR) expenditure

The Company charges its CSR expenditure during the year to the Statement of Profit and Loss.

3.21 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Particulars	As at March 31, 2020	As at March 31, 2019
4 Property, plant and equipment		
a) The details of property, plant and equipment (net) is as follows:		
Buildings	632.02	667.29
Computers and data processing units	62.53	81.31
Furniture and fittings	73.15	96.23
Office equipment	25.44	32.02
Electrical installation and equipment	29.90	38.04
Vehicles	12.85	29.53
Leasehold improvements	87.26	120.58
Right-of-use assets - buildings	1,956.09	-
Total property, plant and equipment	2,879.24	1,065.00

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	Note No.	Buildings	Computers and data processing units	Furniture and fittings	Office equipment	Electrical installation and equipment	Vehicles	Leasehold improvements	Right-of-use assets - buildings	Total
b) Disclosures regarding gross block of property, plant and equipment, depreciation and net block are as given below:										
Gross carrying value										
As at April 1, 2018		805.37	157.05	206.27	71.67	92.80	114.69	257.71	-	1,705.56
Additions		-	88.80	20.57	24.13	5.88	-	1.16	-	140.54
Reclassification to assets held for sale		(20.00)	-	(16.05)	(0.31)	(11.56)	-	-	-	(47.92)
Disposals/adjustments		-	(2.87)	(6.31)	(4.62)	(2.26)	(19.24)	(15.49)	-	(50.79)
As at March 31, 2019		785.37	242.98	204.48	90.87	84.86	95.45	243.38	-	1,747.39
Transition impact on account of adoption of Ind AS 116		45	-	-	-	-	-	-	-	2,126.05
Additions		-	64.20	2.51	10.71	2.85	-	-	149.78	230.05
Disposals/adjustments		-	(6.43)	-	(1.94)	(0.18)	(31.94)	-	(1.12)	(41.61)
As at March 31, 2020		785.37	300.75	206.99	99.64	87.53	63.51	243.38	2,274.71	4,061.88
Depreciation										
As at April 1, 2018		82.90	94.60	88.31	38.00	40.21	61.85	90.12	-	495.99
For the year		38.16	67.73	33.85	24.24	15.21	16.54	41.14	-	236.87
Reclassification to assets held for sale		(2.98)	-	(9.84)	(0.26)	(7.10)	-	-	-	(20.18)
Disposals/adjustments		-	(0.66)	(4.07)	(3.13)	(1.50)	(12.47)	(8.46)	-	(30.29)
As at March 31, 2019		118.08	161.67	108.25	58.85	46.82	65.92	122.80	-	682.39
For the year		35.27	81.82	25.59	16.97	10.94	7.94	33.32	319.33	531.18
Disposals/adjustments		-	(5.27)	-	(1.62)	(0.13)	(23.20)	-	(0.71)	(30.93)
As at March 31, 2020		153.35	238.22	133.84	74.20	57.63	50.66	156.12	318.62	1,182.64
Net block										
As at March 31, 2020		632.02	62.53	73.15	25.44	29.90	12.85	87.26	1,956.09	2,879.24
As at March 31, 2019		667.29	81.31	96.23	32.02	38.04	29.53	120.58	-	1,065.00



ICRA Limited**Notes to the financial statements for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)*

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
5 Intangible assets			
a) The details of intangible assets (net) are as follows:			
Computer software	2.52	3.48	
Total intangible assets	2.52	3.48	
b) The details of intangible assets under development are as follows:			
Intangible assets under development	188.18	126.73	
Total	188.18	126.73	

Particulars	Note No.	Computer software
c) Disclosures regarding gross block of intangible assets, amortisation and net block are as given below:		
Gross carrying value		
As at April 1, 2018		30.92
Additions		5.96
As at March 31, 2019		36.88
Additions	5.50	
As at March 31, 2020		42.38
Amortisation		
As at April 1, 2018		26.85
For the year		6.55
As at March 31, 2019		33.40
For the year	6.46	
As at March 31, 2020		39.86
Net block		
As at March 31, 2020		2.52
As at March 31, 2019		3.48

**ICRA Limited****Notes to the financial statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
6 Investments			
6.1 Non-current investments			
I. Unquoted			
Investments carried at cost			
a) Investment in equity shares of subsidiaries (fully paid up)			
ICRA Analytics Limited (formerly known as ICRA Online Limited)	43	2,371.76	871.76
9951458 equity shares [previous year 8951458] of Rupees 10 each			
ICRA Management Consulting Services Limited	43	-	1,500.00
Nil equity shares [previous year 15000000] of Rupees 10 each			
PT ICRA Indonesia		1,497.47	1,497.47
2833125 equity shares [previous year 2833125] of IDR 10000 each			
ICRA Lanka Limited		256.58	256.58
5948900 equity shares [previous year 5948900] of LKR 10 each			
ICRA Nepal Limited		63.75	63.75
102000 equity shares [previous year 102000] of NPR 100 each			
		4,189.56	4,189.56
Impairment in value of investments	46	(1,497.47)	(1,497.47)
Total (I)		2,692.09	2,692.09
Note:- IDR denotes Indonesian Rupiah, LKR denotes Sri Lankan Rupee and NPR denotes Nepalese Rupee			
II. Quoted			
Investments carried at fair value through profit or loss			
a) Investment in equity instruments (other than subsidiaries) (fully paid up)			
CRISIL Limited		37.63	43.84
3000 equity shares [previous year 3000] of Re. 1 each			
Total (II) (a)		37.63	43.84
b) Investment in mutual funds			
Axis Liquid Fund - Direct Growth		2,388.92	5,150.59
108373.86 units [previous year 248397.851] of Rupees 1000 each			
Kotak Money Market Scheme - Direct Plan - Growth		-	5,207.80
Nil units [previous year 168725.122] of Rupees 1000 each			
Total (II) (b)		2,388.92	10,358.39
Total (II)		2,426.55	10,402.23
Total non-current investments (I + II)		5,118.64	13,094.32

ICRA Limited**Notes to the financial statements for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)*

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
6.2 Current investments			
I. Unquoted			
Investments carried at amortised cost			
a) Investment in corporate deposits			
Housing Development Finance Corporation Limited		7,969.99	7,747.76
Total current investments		7,969.99	7,747.76
Total investments		13,088.63	20,842.08
Summary of investments (Non-current + Current)			
Aggregate value of unquoted investments		12,159.55	11,937.32
Aggregate value of quoted investments		2,426.55	10,402.23
Aggregate value of impairment in the value of investments		(1,497.47)	(1,497.47)
Investments carried at cost		4,189.56	4,189.56
Investments carried at amortised cost		7,969.99	7,747.76
Investments carried at fair value through profit or loss		2,426.55	10,402.23
Aggregate value of impairment in the value of investments		(1,497.47)	(1,497.47)
7 Loans			
7.1 Non-current			
Secured, considered good			
Loans to staff			
To related parties	37	-	8.34
To parties other than related parties		18.95	35.69
Unsecured, considered good			
Security deposits		360.22	326.18
Total non-current loans		379.17	370.21
7.2 Current			
Secured, considered good			
Loans to staff			
To related parties	37	-	1.81
To parties other than related parties		17.39	8.74
Unsecured, considered good			
Security deposits		4.54	18.88
Total current loans		21.93	29.43
Total loans		401.10	399.64

**ICRA Limited****Notes to the financial statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
8 Other financial assets			
8.1 Non-current			
Unsecured, considered good			
Bank deposits with maturity for more than twelve months from the reporting date		769.01	2,475.00
Interest accrued on fixed deposits		5.44	14.72
Earnest money deposit		0.90	0.85
Total non-current other financial assets		775.35	2,490.57
8.2 Current			
Unsecured, considered good			
Unbilled revenue		197.64	57.18
Interest accrued on fixed deposits		1,850.40	1,697.96
Interest accrued on investments		94.46	108.40
Advance paid to gratuity trust	33, 37	-	7.51
Earnest money deposits		4.08	5.68
Advances recoverable			
From parties other than related parties		5.85	10.13
Others			
Recoverable from related parties	37	26.03	31.30
Recoverable from other than related parties		8.29	15.63
Unsecured, considered doubtful			
Recoverable from other than related parties - credit impaired		5.75	5.08
Allowance for doubtful other financial assets		(5.75)	(5.08)
Total current other financial assets		2,186.75	1,933.79
Total other financial assets		2,962.10	4,424.36

ICRA Limited**Notes to the financial statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
9 Income tax			
The major components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are:			
9.1 Income tax recognised in Statement of profit or loss			
Current tax			
Income tax for current year		2,608.95	3,479.00
Income tax for earlier year		97.62	(7.23)
		2,706.57	3,471.77
Deferred tax			
Attributable to-			
Origination and reversal of temporary differences		(53.60)	37.60
Reduction in tax rate #		54.25	-
		0.65	37.60
Total tax expense recognised in the Statement of Profit or Loss		2,707.22	3,509.37

9.2 Income tax recognised in other comprehensive income

Net loss/(gain) on remeasurements of defined benefit liability/ asset	(18.11)	(9.50)
Income tax charged to other comprehensive income	(18.11)	(9.50)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
9.3 Aggregate current and deferred tax charge relating to items that are charged or credited directly to equity			

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
9.4 Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate.			
Effect of:			
Accounting profit before tax		9,205.20	13,106.67
Tax using the Company's domestic tax rate 25.168% (previous year 29.12%)		2,316.76	3,816.66
Total tax expense		2,707.22	3,509.37

#As per Taxation Laws (Amendment) Act, 2019, rate of tax is 22% plus applicable surcharge and cess for the financial year 2019-20. Therefore, for the financial year 2019-20, effective tax rate for the Company is 25.168% (previous year 29.12%) and same is considered while calculating deferred tax assets/ liabilities as at March 31, 2020.

* Represents mutual funds which were classified as long-term in earlier years but have been disposed off as short-term in the current year resulting in additional tax impact.

**ICRA Limited****Notes to the financial statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
9.5 Deferred tax assets (net)			
Deferred tax assets			
Lease liability		443.66	-
Provision for employees benefits		248.42	222.92
Provision for doubtful receivables		92.18	128.18
Property, plant and equipment (including intangible assets)		-	47.16
Provision for doubtful financial assets		1.45	1.48
Tax losses carried forward		50.13	172.05
Total		835.84	571.79
Deferred tax liabilities			
Property, plant and equipment (including intangible assets)		368.51	-
Investments at fair value through profit or loss		50.13	172.05
Total		418.64	172.05
Total deferred tax assets (net)		417.20	399.74

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
9.6 Reconciliation of deferred tax assets/ (liabilities)			
Opening balance		399.74	385.05
Adjustment on adoption of Ind AS 115		-	42.79
Opening balance after adjustments		399.74	427.84
Tax (expense)/ income during the period recognised in statement of profit and loss		(0.65)	(37.60)
Tax (expense)/ income during the period recognised in other comprehensive income		18.11	9.50
Closing balance		417.20	399.74

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
9.7 Unrecognised deferred tax assets			
Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.			
Capital losses		1,806.67	1,506.34
Impairment loss on investments *		1,497.47	1,497.47
Total		3,304.14	3,003.81
Unrecognised tax effect		755.99	699.77
*The deductible temporary difference do not expire under current tax legislation			
9.8 Expiry period of unutilised tax losses			
Financial Year 2024-25		1,806.67	1,506.34
Total		1,806.67	1,506.34

ICRA Limited**Notes to the financial statements for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)*

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
10 Non-current tax asset			
Advance income tax (Net of provision of Rs. 30,319.93 lakh [previous year Rs. 26,743.30 lakh])	28 (b)	742.01	722.45
Total		742.01	722.45
11 Other assets			
11.1 Non-current			
Unsecured, considered good			
Prepayments	45	11.58	302.23
Total non-current other assets		11.58	302.23
11.2 Current			
Prepayments	45	623.33	350.66
Balance with government authorities		2.05	16.98
Projects work in progress		179.90	172.21
Total current other assets		805.28	539.85
Total other assets		816.86	842.08
12 Trade receivables			
Trade receivables considered good - Unsecured @		3,339.31	1,942.56
Trade receivables - credit impaired		366.24	440.17
		3,705.55	2,382.73
Allowance for doubtful trade receivables		(366.24)	(440.17)
Total trade receivables		3,339.31	1,942.56
@ Includes dues from related parties	37		
13 Cash and cash equivalents			
Cash on hand		2.38	1.81
Balances with banks			
In current accounts		145.69	1,264.37
Total cash and cash equivalents		148.07	1,266.18

**ICRA Limited****Notes to the financial statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
14 Other bank balances			
Balances with banks			
In deposit accounts with original maturity for more than three months but less than twelve months from the reporting date		43,346.67	32,501.33
Earmarked balances with banks			
In unpaid dividend account		11.50	6.66
Deposits with maturity for more than three months and less than twelve months from the reporting date earmarked against bank guarantees		18.18	120.14
Total		43,376.35	32,628.13

15 Equity share capital**Authorised**

15000000 (previous year 15000000) equity shares of Rupees 10/- each	1,500.00	1,500.00
	1,500.00	1,500.00

Issued, subscribed and fully paid up

9651231 (previous year 9651231 equity shares) of Rupees 10/- each fully paid up	965.12	965.12
	965.12	965.12

Particulars	Note No.	As at March 31, 2020
		Number of shares
		Amount

15.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**Equity shares**

At the commencement and at the end of the year	96,51,231	965.12
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Particulars	Note No.	As at March 31, 2019
		Number of shares
		Amount
At the commencement of the year		99,03,280
Less: Buy back of equity shares	41	(2,52,049)
At the end of the year		96,51,231

15.2 Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. The dividend, if any, recommended by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

ICRA Limited**Notes to the financial statements for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)*

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
15.3 Shares held by subsidiaries of the ultimate holding company			
(Equity shares of Rs. 10 each fully paid-up)			
Moody's Investment Company India Private Limited			
Number of shares		3,055,900	3,055,900
% of total shares		31.66%	31.66%
Moody's Singapore Pte Limited			
Number of shares		1,949,722	1,949,722
% of total shares		20.20%	20.20%
15.4 Details of shareholders holding more than 5% shares in the Company			
(Equity shares of Rs. 10 each fully paid-up)			
Moody's Investment Company India Private Limited			
Number of shares		3,055,900	3,055,900
% of total shares		31.66%	31.66%
Moody's Singapore Pte Limited			
Number of shares		1,949,722	1,949,722
% of total shares		20.20%	20.20%
Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life MNC Fund			
Number of shares		9,54,754	9,54,754
% of total shares		9.89%	9.89%
Life Insurance Corporation of India			
Number of shares		7,15,355	8,96,174
% of total shares		7.41%	9.29%
Pari Washington India Master Fund, Ltd.			
Number of shares		7,02,840	6,31,141
% of total shares		7.28%	6.54%
General Insurance Corporation of India			
Number of shares		4,77,418	5,22,999
% of total shares		4.95%	5.42%
16 Other equity			
Capital reserve	34	754.78	279.95
Capital redemption reserve		34.88	34.88
General reserve		7,802.44	7,802.44
Other comprehensive income		(146.88)	(93.04)
Retained earnings		48,842.70	45,835.24
Total other equity		57,287.92	53,859.47



ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Nature of reserves

a) Capital reserve

Capital reserves represents amount of LTIP plan funded by ICRA Employees Welfare Trust ("ESOP Trust") to the employees of the Company. (Refer note 34)

b) Capital redemption reserve

The Company has bought back equity shares and as per the provisions of the Companies Act, 2013, is required to create capital redemption reserve.

c) General reserve

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to the Statement of Profit and Loss.

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
17 Other financial liabilities			
17.1 Non-current			
Deposits for vehicles		-	20.45
Payable to employees		-	128.36
Lease liabilities		1,588.55	-
Total non-current other financial liabilities		1,588.55	148.81
17.2 Current			
Unpaid dividends		11.50	6.66
Creditors for capital supplies and services		1.01	0.01
Due to related parties	37	36.14	31.97
Payable to employees		389.86	1,318.15
Deposits for vehicles		28.10	17.66
Lease liabilities		174.26	-
Other liabilities		46.87	67.91
Total current other financial liabilities		687.74	1,442.36
Total other financial liabilities		2,276.29	1,591.17
18 Provisions			
18.1 Non-current			
Provision for employee benefits			
Provision for compensated absence		152.57	139.29
Total non-current provisions		152.57	139.29

ICRA Limited**Notes to the financial statements for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)*

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
18.2 Current			
Provision for employee benefits			
Provisions for gratuity	33	24.53	-
Provision for compensated absence		148.19	139.74
Other employee benefits		1,284.36	1,799.52
Others			
Provision for pending litigations	29, 47	75.00	100.00
Provision for service tax	47	15.91	15.91
Total current provisions		1,547.99	2,055.17
Total provisions		1,700.56	2,194.46
19 Other liabilities			
19.1 Non-current			
Deferred finance income		-	0.27
Total non-current other liabilities		-	0.27
19.2 Current			
Unearned revenue	44	3,182.19	3,724.62
Advance from customers		1,212.90	1,179.84
Statutory dues		718.31	555.59
Deferred finance income		-	2.51
Total current other liabilities		5,113.40	5,462.56
Total other liabilities		5,113.40	5,462.83
20 Trade payables			
(A) Total outstanding dues of micro and small enterprises: and		10.37	1.53
(B) Total outstanding dues other than micro and small enterprises		928.18	475.63
Total trade payables		938.55	477.16
20.1 Based on the information available with the Company, some suppliers have been identified who are registered under Micro, Small & Medium Enterprises Development Act, 2006 (MSMED), to whom the Company owes dues, but the same are not outstanding for more than 45 days as at reporting date. The information has been determined to the extent such parties have been identified on the basis of information available with the Company.			
The principal amount payable to suppliers at the year end		10.23	1.37
The amount of interest due on the remaining unpaid amount to the suppliers as at the year end		-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year		-	-

**ICRA Limited****Notes to the financial statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED		0.07	0.08
The amount of interest accrued and remaining unpaid at the end of each accounting year		0.07	0.08
The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of MSMED		-	-

21 Current tax liabilities (net)

Provision for income tax (Net of advance tax of Rs. 2,561.36 lakh [previous year Rs. 3,339.05 lakh])		107.47	139.96
Total		107.47	139.96

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
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22 Revenue from operations**Sale of services**

Rating, research and other services fees	44	20,540.20	22,764.89
Total sale of services		20,540.20	22,764.89

Other operating revenue

Advances received from customers written back		178.91	195.97
Royalty	37	37.09	22.46
Others		22.06	30.51

Total other operating revenue

Total revenue from operations		20,778.26	23,013.83
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23 Other income

Interest income on fixed deposits		3,013.67	2,224.80
Interest income on investments		639.27	428.65
Other interest income		37.49	39.30
Dividend from subsidiary companies	37	21.47	550.51
Gain on financial assets carried at FVTPL (net)		314.52	1,116.82
Rental income	37	28.19	24.25
Profit on sale of property, plant and equipment (net)		-	63.96
Miscellaneous income		2.79	4.50
Total other income		4,057.40	4,452.79

ICRA Limited**Notes to the financial statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
24 Employee benefit expenses			
Salaries, wages and bonus		9,837.67	10,061.26
Contribution to provident fund	33	403.06	375.88
Staff welfare expense		270.00	305.35
Total employee benefits expense		10,510.73	10,742.49
25 Finance costs			
Interest on lease liabilities	45	164.75	-
Other interest costs		1.47	3.32
Total finance costs		166.22	3.32
26 Depreciation and amortisation expense			
Depreciation of property, plant and equipment	4	531.18	236.87
Amortisation of intangible assets	5	6.46	6.55
Total depreciation and amortisation expense		537.64	243.42
27 Other expenses			
Electricity and water		76.86	82.81
Rent	45	25.95	373.12
Repairs and maintenance		671.42	546.31
Insurance		5.24	2.53
Rates and taxes		31.04	88.87
Communication		130.87	140.20
Printing and stationery		49.54	55.34
Books and periodicals		92.16	85.35
Travelling and conveyance		346.44	353.26
Directors' sitting fees		39.80	24.60
Legal and professional charges		1,884.99	874.68
Conference and meeting		36.60	58.30
Advertisement		2.61	5.52
Auditor's remuneration and expenses	36	251.87	54.01
Technical services		22.54	22.12
Bad debts/ advances written off (net of provisions)		213.71	136.96
Corporate social responsibility	30	310.13	224.25
Fees and subscription		12.41	11.77
Remuneration to non executive directors		65.00	56.00
Recruitment		119.49	36.75
Loss on sale/ write off of property, plant and equipment (net)		0.43	-
Miscellaneous		26.77	137.97
Total other expenses		4,415.87	3,370.72

**ICRA Limited****Notes to the financial statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
28 Commitments and contingencies		
a) Capital commitments		
Estimated amount of contract remaining to be executed on capital account and not provided for (net of capital advances)	99.50	55.54
b) Contingent liabilities		
(to the extent not provided)		
Income tax * , #	977.23	1,039.43
Others	12.09	24.89
Total	989.32	1,064.32

* The Company had deposited nil (previous year Rs. 11.00 lakh) under protest against the above claims.

The Company is contesting the demand and the management including its tax advisors believe that its position will likely be upheld in the appellate process. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

The Supreme Court on February 28, 2019 had provided its judgement regarding inclusion of other allowances such as travel allowances, special allowances, etc within the expression 'basic wages' for the purpose of computation of contribution of provident fund under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. There are interpretive challenges on the application of the Supreme Court Judgement including the period from which judgment would apply, consequential implications on resigned employees etc. Further, various stakeholders have also filed representations with Provident fund authorities. All these factors raises significant uncertainty regarding the implementation of the Supreme Court Judgement. Owing to the aforesaid uncertainty and pending clarification from regulatory authorities in this regard, the Company has not recognised provision for the provident fund contribution on the basis above mentioned order w.e.f. order date till March 31, 2019 as the impact was immaterial. However, from April 1, 2019, the Company has started inclusion of such allowances within the expression of 'basic wages' for the purpose of computation of provident fund.

29 The Company is in the process of addressing certain ongoing matters.

First, in respect of an adjudication proceeding ("Adjudication Proceeding") initiated by the Securities and Exchange Board of India ("SEBI") in relation to the credit ratings assigned to one of the Company's customers and the customer's subsidiaries, SEBI issued an order imposing a penalty of Rupees 25 lakh under section 15HB of the SEBI Act, 1992 on the Company. Further, SEBI issued a Show Cause Notice ("SCN") for enhancement of penalty amount. The Company has filed an appeal challenging the adjudication order before the Securities Appellate Tribunal (the "SAT") and deposited the penalty amount of Rupees 25 lakh without prejudice to such appeal. The said appeal is pending before the SAT. The Company has made adequate provision in this regard. The Company has also been cooperating with government agencies and responding to their queries in relation to this matter.

Second, the Board of Directors ("Board") had appointed external experts to examine and report on anonymous representations making certain allegations against two former officials which were forwarded to the Company by SEBI ("Representations"). During the examination of the aforesaid Representations, certain counter allegations were made by one of the two former officials, for which the Board appointed a second set of external experts, to examine such allegations.

ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

The external experts examining the Representations have concluded their examination and the findings indicate that the conduct of the aforesaid officials was not in conformity with certain applicable regulations and Company policies relating to credit rating activities. The aforesaid officials are no longer in the employment of the Company.

The external experts have expressed that no evidence was found suggesting ex-facie that the ratings examined as part of the examination were inflated (i.e. were unsupported by ratings analysis). Further, as per external experts, this is subject to the limitation that the determination of whether or not any ratings are supported by ratings analysis, is a qualitative technical matter that was beyond the scope of the examination as the examination was not aimed at reviewing the appropriateness of rating opinions on merits.

The findings of the second set of external experts do not indicate any material deficiencies with applicable regulations and Company policies.

The findings of the external experts have been presented to the Board members. The Board is in the process of taking appropriate steps in the best interest of the Company and its various stakeholders with regard to the outcome of the examination.

Third, the Company directly received another anonymous representation during the year ended March 31, 2020 against certain of its existing officials and the examination thereof is in progress.

Fourth, the Company had received a letter from SEBI seeking comments on observations made in the interim report dated July 15, 2019 prepared by Grant Thornton India LLP, which was commissioned by the IL&FS group. The Company had submitted its responses to SEBI on such observations dated 14 August 2019. There has been no further development in this matter.

While the Company has made a provision for penalty on a best estimate basis with regards to the Adjudication Proceeding, the impact of uncertainties arising from the above matters is currently unascertainable. However, based on the legal opinions given by the reputed external counsels, the Company does not foresee an action from the regulator(s) that could adversely affect the functioning of the Company.

30 Corporate social responsibility expenditure

As per Section 135 of the Act, a company, meeting the applicability threshold, is required to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities. The expenditure has been incurred on activities which are specified in Schedule VII to the Act.

- a) Gross amount required to be spent by the Company during the year ended March 31, 2020 was Rs. 238.87 lakh (previous year Rs. 224.25 lakh).
- b) Amount spent during the year ended:

Particulars	March 31, 2020		Total
	In cash	Yet to be paid cash	
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purposes other than (i) above *	310.13	-	310.13

* Pursuant to appeal letter no. 05/1/2020-CSR-MCA dated March 30, 2020 received from Ministry of Corporate Affairs, the Company has contributed Rs. 100.00 lakh to PM Cares Fund which resulted in to Rs. 71.26 lakh excess spent over current year obligation and will be offset with next years' obligation.

**ICRA Limited****Notes to the financial statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	March 31, 2019		
	In cash	Yet to be paid cash	Total
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	224.25	-	224.25

31 Earnings per share**a) Basic earnings per share**

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding. The calculations of profit attributable to equity holders, weighted average number of equity shares outstanding during the year and basic earnings per share are as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	
		March 31, 2020	March 31, 2019
(i) Profit attributable to the equity holders			
Profit for the year, attributable to the equity holders	6,497.98	9,597.30	
(ii) Weighted average number of equity shares			
Opening balance	96,51,231	99,03,280	
Shares held by ESOP Trust	(31,950)	(40,683)	
Effect of buy back of shares	-	(1,09,545)	
Effect of stock options exercised	-	4,214	
Weighted average number of equity shares for the year	96,19,281	97,57,266	
(iii) Basic earnings per share (face value Rupees10 per share)			
[(i) / (ii)]	67.55	98.36	

b) Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the profit attributable to equity holders after adjustment for expense related to dilutive potential equity shares (if any) by the weighted average number of equity shares outstanding during the year after adjustment for the effect of all the dilutive potential equity shares into equity shares. The calculations of profit attributable to equity holders, equity shares outstanding during the year after adjustment for the effect of all the dilutive potential equity shares into equity shares and diluted earnings per share are as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	
		March 31, 2020	March 31, 2019
(i) Profit attributable to the equity holders (diluted)			
Profit for the year, attributable to the equity holders (diluted)	6,497.98	9,597.30	
(ii) Weighted average number of equity shares (diluted)			
Weighted average number of equity shares (basic)	96,19,281	97,57,266	
Effect of dilution of share options	-	4,014	
Weighted average number of equity shares (diluted)	96,19,281	97,61,280	
(iii) Diluted earnings per share (face value Rupees 10 per share) [(i) / (ii)]			
	67.55	98.32	

ICRA Limited**Notes to the financial statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

32 Dividend on equity shares

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Dividend on equity shares declared and paid during the year		
Final dividend of Rs. 30 per share for financial year 2018-19 (Rs. 30 per share for financial year 2017-18)	2,895.37	2,970.99
Dividend distribution tax (net) *	595.15	500.29
Total	3,490.52	3,471.28
Proposed dividend on equity shares not recognised as liability		
Final dividend of Rs. 27 per share for financial year 2019-20 (Rs. 30 per share for financial year 2018-19)	2,605.83	2,895.37
Dividend distribution tax (net) *, #	-	595.15
Total	2,605.83	3,490.52

* Dividend distribution tax (net), comprises the dividend distribution tax on proposed dividend and the credit in respect of dividend distribution tax under Section 115-O of the Income-tax Act, 1961 on dividend proposed/ paid by the domestic subsidiary company.

Dividend distribution tax has been abolished with effect from April 1, 2020.

33 Employee benefits**a) Defined contribution plans**

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Employees' State Insurance which are the defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to these funds aggregating to Rs. 403.06 lakh for year ended March 31, 2020 (previous year Rs. 375.88 lakh) and is included in "Employee benefits expense".

b) Defined benefit plans

The Company has a defined benefit gratuity plan, governed by the Payment of Gratuity Act, 1972. Plan entitles an employee, who has rendered at least five years of services, to gratuity at the rate of fifteen days salary for every completed year of service or part thereof in excess of six months, based on the rate of salary last drawn by the employee concern.

The defined benefit plan for gratuity is administered by a single gratuity fund trust that is legally separate from the Company. The trustees of the gratuity fund comprises four employees. The trustees of the gratuity fund is required to act in the best interests of the members and/or their beneficiaries in accordance with the provisions of trust deed. This defined benefit plan expose the Company to actuarial risks, such as interest rate risk and market (investment) risk.

**ICRA Limited****Notes to the financial statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

(i) Reconciliation of the net defined benefit liability/ (asset)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Changes in the present value of the defined benefit obligations		
Defined benefit obligations at the beginning of the year	988.33	834.28
Current service cost	102.65	92.24
Interest expense/ (income)	64.79	58.87
Benefits directly paid by the Company	(98.64)	(25.23)
Benefits paid from plan assets	-	(7.97)
Actuarial (gain)/ loss recognised in other comprehensive income		
- changes in financial assumptions	53.58	19.34
- experience adjustments	26.98	15.31
Liability transferred from group company	-	1.49
Defined benefit obligations at the end of the year	1,137.69	988.33
Changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	995.84	747.07
Contribution paid to the plan assets	40.00	200.00
Benefits paid	-	(7.97)
Interest income on plan assets	68.71	54.70
Actuarial gain/(loss) on plan assets	8.61	2.04
Fair value of plan assets at the end of the year	1,113.16	995.84
Net defined benefit liability/ (asset)		
	24.53	(7.51)
Provisions for gratuity		
Non-current	-	-
Current	24.53	-
Total	24.53	-
Advance paid to gratuity trust		
Non-current	-	-
Current	-	7.51
Total	-	7.51
Net defined benefit liability/ (asset)		
	24.53	(7.51)

ICRA Limited**Notes to the financial statements for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)***(ii) Expense recognised in the Statement of Profit and Loss:**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Expense recognised in profit and loss account		
Current service cost	102.65	92.24
Net interest expense/ (income)	(3.92)	4.17
	98.73	96.41
Remeasurements recognised in other comprehensive income:		
Actuarial (gain)/ loss on defined benefit obligations	80.56	34.65
Return on plan assets excluding interest income	(8.61)	(2.04)
	71.95	32.61

(iii) Plan assets comprise of the following:

Particulars	As at March 31, 2020	As at March 31, 2019
Kotak Group Floating Rate Fund	375.29	349.48
Kotak Group Short Term Bond Fund	380.93	351.88
Kotak Secure Return Employee Benefit Plan	356.94	294.48
Total	1,113.16	995.84

(iv) Actuarial assumptions

Principal actuarial assumptions at the reporting date are as under:

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate	5.90%	6.90%
Future salary escalation rate		
- For first five years	10.00%	10.00%
- Thereafter	7.00%	7.00%
Withdrawal rate	20.00%	20.00%
Retirement age	60	60
Mortality rate	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.

The estimates of future salary escalation rate, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Assumptions regarding future mortality are based on the published statistics and mortality tables. The calculation of the defined benefit obligation is sensitive to the mortality assumptions.

As at March 31, 2020, the weighted-average duration of the defined benefit obligation was 5 years (March 31, 2019: 5 years).



ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

(v) Sensitivity analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumption constant, would have affected the defined obligation by the amounts shown below:

Particulars	Sensitivity level		Impact on Defined benefit obligation	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Assumptions				
Discount rate	0.5% Increase 0.5% Decrease	0.5% Increase 0.5% Decrease	(23.18) 24.18	(19.38) 20.20
Future salary escalation rate	0.5% Increase 0.5% Decrease	0.5% Increase 0.5% Decrease	18.79 (18.42)	16.64 (16.04)
Withdrawal rate	5% Increase 5% Decrease	5% Increase 5% Decrease	(15.01) 13.22	(6.78) 2.11

The sensitivity results above determine their individual impact on defined benefit obligation at the end of year. In reality, the plan is subject to multiple external experience items which may move the defined benefit obligation in similar or opposite directions, while the plan's sensitivity to such changes can vary over time.

The following payments are expected in future years:

Particulars	As at March 31, 2020
March 31, 2021	218.55
March 31, 2022	206.60
March 31, 2023	201.14
March 31, 2024	199.43
March 31, 2025	198.47
March 31, 2026 to March 31, 2030	742.10

34 From the financial year 2018-19, the ESOP Trust introduced LTIP Plan as an incentive to reward a cash amount to the eligible employees of the Company. Based on the estimation, expense of Rs. 474.83 lakh (previous year Rs. 279.95 lakh) has been recognized and correspondingly, accounted as capital reserve in the Company.

35 Share based payment

A. Description of share based payment arrangement

The Company's Employee Stock Option Schemes ("ESOSs") provide for the grant of stock options to eligible employees and whole time directors of the Company and its subsidiaries. The ESOSs are administered through ESOP Trust. The Trust transfers shares to the eligible employees upon exercise of the options by such employees.

The Company has two stock option schemes in place namely ESOS 2006 and ESOS 2018. The ESOS 2006 came in to force on June 27, 2006 and after completion of 10 years, expired on June 27, 2016 with a right to exercise the options by November 8, 2018.

During financial year 2018-19, the Company had introduced a new stock option scheme namely "ESOS 2018" effective from June 28, 2018. The grant price shall be as decided by the Nomination and Remuneration Committee ('N&RC') of the Company. The number of options and terms could vary at the discretion of the N&RC. Till March 31, 2020, the Company has not granted any option under ESOS 2018.

ICRA Limited**Notes to the financial statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Summary of ESOS 2006 grants:

Type of arrangement	Tranche 1	Tranche 2
Date of grant	March 24, 2007	November 9, 2010
Number granted	6,15,763	2,72,500
Fair value of option	138	1,153
Exercise price per share	330	330
Contractual life from the date of vesting	5	5
Method used for valuation	Intrinsic value method	
Method of settlement	Equity shares	

Under ESOS 2006 scheme, each option, upon vesting, entitles the holder to acquire one equity share of Rs. 10 each

Summary of vesting provisions under ESOS 2006 :

Vesting dates	% of options vested	Lock-in period
1 year from grant date	40	Nil
2 years from grant date	30	Nil
3 years from grant date	30	Nil

B. Reconciliation of outstanding share options**ESOS 2006**

All the vested options against tranche-1 were exercised/ expired/ lapsed before April 1, 2016. Reconciliation of outstanding share options against tranche-2 is as under:

Particulars	As at March 31, 2020			As at March 31, 2019	
	Number of options	Weighted Average Exercise Price (Rs)		Number of options	Weighted Average Exercise Price (Rs)
Options outstanding at the beginning of the year	-	-		8,951	330
Exercised during the year	-	-		(8,733)	330
Options expired during the year	-	-		(218)	330
Options outstanding at the end of the year	-	-		-	-
Options exercisable at the end of the year	-	-		-	-

The unissued shares lying as at March 31, 2020 is 31,950 (previous year 31,950).

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
36 Remuneration to Auditor (excluding goods and service tax)		
Audit fees	21.32	20.66
Additional audit fees *	201.96	-
Limited review fees	17.79	17.35
Tax audit fees	6.74	6.56
Other certification services fees	1.15	6.20
Reimbursement of expenses	2.91	3.24
Total	251.87	54.01

* Approved by the Board of Directors, based on the claim received from auditors towards incremental efforts incurred by them on the ongoing regulatory matters.



ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

37 Related party transactions

A. List of related parties

a) Related parties and nature of related party relationships where control exists

Ultimate holding company

Moody's Corporation

Companies having substantial interest

Moody's Investment Company India Private Limited

Moody's Singapore Pte Limited

b) Related parties and nature of related party relationships with whom transactions have taken place during the year

i) Subsidiaries including step-down subsidiaries

ICRA Management Consulting Services Limited (Merged with ICRA Analytics Limited w.e.f. November 15, 2019. Refer note no. 43)

ICRA Analytics Limited

ICRA Nepal Limited

ICRA Lanka Limited

Pragati Development Consulting Services Limited

ii) Trusts

ICRA Employees Welfare Trust

ICRA Limited Employees Group Gratuity Scheme

iii) Fellow subsidiaries

Moody's Investors Service India Private Limited

Moody's Investors Service Inc.

MIS Quality Management Corp.

Moody's Investors Service Singapore Pte Limited

Moody's Investors Service Hong Kong Limited

Moody's Analytics Inc

Moody's Investors Service Pty Limited

Moody's Asia Pacific Limited

MA Knowledge Services Research (India) Private Limited (Till November 8, 2019)

c) Key management personnel

Mr. Naresh Takkar (Till September 28, 2019)

Mr. Vipul Agarwal

Mr. Amit Kumar Gupta

Mr. S. Shakeb Rahman

Independent directors

Mr. Arun Duggal

Ms. Ranjana Agarwal

Ms. Radhika Vijay Haribhakti

ICRA Limited**Notes to the financial statements for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)***B. Transactions and balances with related parties**

Particulars	For the year ended	For the year ended	As at	As at
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
a) Related parties where control exists:				
<i>Ultimate Holding Company</i>				
1 Moody's Corporation				
Technical services received	14.02	12.90	-	-
Other financial liabilities - Due to related parties	-	-	5.57	0.53
<i>Companies having substantial interest</i>				
2 Moody's Investment Company India Private Limited				
Dividend paid	916.77	855.27	-	-
3 Moody's Singapore Pte Limited				
Dividend paid	584.92	646.42	-	-
b (i) Subsidiaries including step-down subsidiaries				
1 ICRA Management Consulting Services Limited				
Professional services received	62.28	98.52	-	-
Rental income	4.82	4.91	-	-
Reimbursement of expenses received/receivable	1.68	15.04	-	-
Other financial liabilities - due to related parties	-	-	-	23.56
2 ICRA Analytics Limited (formerly known as ICRA Online Limited)				
Dividend income	-	537.09	-	-
Professional services received	76.11	38.44	-	-
Intangible assets under development	10.98	4.37	-	-
Rental income	1.75	-	-	-
Royalty income	0.83	-	-	-
Reimbursement of expenses received/receivable	5.37	12.64	-	-
Reimbursement of expenses paid/ payable	-	0.69	-	-
Amount received on behalf of related party	4.17	-	-	-
Prepayments - current	1.00	-	-	-
Other financial assets - other recoverables	-	-	-	11.83
Other financial liabilities - due to related parties	-	-	25.78	-

**ICRA Limited****Notes to the financial statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	As at March 31, 2020	As at March 31, 2019
3 ICRA Nepal Limited				
Royalty income	28.79	15.64	-	-
Dividend income	21.47	13.42	-	-
Other operating revenue - others	0.44	0.26	-	-
Reimbursement of expenses received/ receivable	0.01	0.02	-	-
Trade receivables	-	-	13.56	5.62
Other financial assets - other recoverables	-	-	20.40	12.98
4 ICRA Lanka Limited				
Royalty income	7.47	6.82	-	-
Trade receivables	-	-	7.57	6.83
5 Pragati Development Consulting Services Limited				
Rental income	0.49	-	-	-
Reimbursement of expenses received/ receivable	0.32	-	-	-
Other financial assets - other recoverables	-	-	0.81	-
b (ii) Trusts				
1 ICRA Employees Welfare Trust				
Dividend paid	9.59	12.00	-	-
Salaries, wages and bonus - LTIP	474.83	279.95	-	-
Capital reserve	-	-	754.78	279.95
2 ICRA Limited Employees Group Gratuity Scheme				
Amount contributed during the year	40.00	200.00	-	-
Amount settled by trust on behalf of the Company	-	7.97	-	-
Other financial assets - Advance paid to gratuity trust	-	-	-	7.51
b (iii) Fellow subsidiaries				
1 Moody's Investors Service India Private Limited				
Rental income	21.13	19.34	-	-
Reimbursement of expenses received/ receivable	4.47	3.53	-	-
Reimbursement of expenses paid/ payable	-	0.23	-	-
Other financial assets - Other recoverables	-	-	4.82	6.49
2 Moody's Investors Service Inc.				
Other financial liabilities - Due to related parties	-	-	0.63	0.62

ICRA Limited**Notes to the financial statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	As at March 31, 2020	As at March 31, 2019
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
3 MIS Quality Management Corp.				
Trademark license fees	7.34	7.05	-	-
Other financial liabilities - Due to related parties	-	-	3.90	6.90
4 Moody's Investors Service Singapore Pte Limited				
Conference and meeting expense	-	3.35	-	-
5 Moody's Investors Service Hong Kong Limited				
Technical services received	1.18	2.91	-	-
Other financial liabilities - Due to related parties	-	-	0.26	0.25
6 Moody's Analytics Inc				
Professional services used	-	0.12	-	-
Other financial liabilities - Due to related parties	-	-	-	0.11
7 Moody's Asia Pacific Ltd				
Conference and meeting expenses	-	4.34	-	-
8 MA Knowledge Services Research (India) Private Limited				
Professional services used	-	2.83	-	-
c) Key management personnel				
1 Mr. Naresh Takkar				
Managerial remuneration *	209.98	439.65	-	-
Interest received by the Company	0.18	0.51	-	-
Reimbursement of expenses paid	0.02	0.08	-	-
Dividend paid by the Company	12.60	12.60	-	-
Loan outstanding	-	-	-	10.15
Provisions - other employee benefits	-	-	147.48	128.14
Other financial liabilities - payable to employees	-	-	151.88	113.55
2 Mr. Vipul Agarwal				
Remuneration *	219.88	192.16	-	-
Reimbursement of expenses paid	0.01	0.34	-	-
Provisions - other employee benefits	-	-	-	35.54
Other financial liabilities - payable to employees	-	-	7.00	30.56
Trade payable	-	-	-	0.03

* As the liabilities for gratuity and compensated absences are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the key management personnel is not included above.

**ICRA Limited****Notes to the financial statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	As at March 31, 2020	As at March 31, 2019
3 Mr. Amit Kumar Gupta				
Remuneration *	98.83	75.11	-	-
Reimbursement of expenses paid	0.04	0.44	-	-
Provisions - other employee benefits	-	-	-	9.00
Other financial liabilities - payable to employees	-	-	2.50	12.27
Trade payable	-	-	-	0.03
4 Mr. S. Shakeb Rahman				
Remuneration *	38.67	24.81	-	-
Reimbursement of expenses paid	-	0.03	-	-
Dividend paid by the Company	0.09	0.06	-	-
Provisions - other employee benefits	-	-	-	4.03
Other financial liabilities - payable to employees	-	-	2.33	7.52
5 Mr. Arun Duggal				
Remuneration to non executive directors	25.00	22.00	-	-
Sitting fees paid	11.20	6.20	-	-
Reimbursement of expenses paid	4.72	-	-	-
Trade payable	-	-	22.50	19.80
6 Ms. Ranjana Agarwal				
Remuneration to non executive directors	20.00	17.00	-	-
Sitting fees paid	15.20	11.00	-	-
Trade payable	-	-	18.00	15.30
7 Ms. Radhika Vijay Haribhakti				
Remuneration to non executive directors	20.00	17.00	-	-
Sitting fees paid	13.40	7.40	-	-
Reimbursement of expenses paid	0.04	-	-	-
Trade payable	-	-	18.00	15.30

* As the liabilities for gratuity and compensated absences are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the key management personnel is not included above.

38 Segment information

The Company has presented segment information in the consolidated financial statements. Accordingly, in terms of Paragraph 3 of Ind AS 108 'Operating Segments', no disclosures related to segments are presented in these standalone financial statements.

ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

39 Financial instruments

39.1 Financial instruments by category

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2020 and March 31, 2019:

a) Fair value of financial assets

Particulars	Carrying values		Fair values	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Financial assets measured at fair value through profit or loss				
Investment in equity shares	37.63	43.84	37.63	43.84
Investment in mutual funds	2,388.92	10,358.39	2,388.92	10,358.39
Total (A)	2,426.55	10,402.23	2,426.55	10,402.23
Financial assets measured at amortised cost				
Investment in corporate deposits	7,969.99	7,747.76	7,969.99	7,747.76
Loans	401.10	399.64	401.10	399.64
Trade receivables	3,339.31	1,942.56	3,339.31	1,942.56
Cash and cash equivalents	148.07	1,266.18	148.07	1,266.18
Other bank balances	43,376.35	32,628.13	43,376.35	32,628.13
Others	2,962.10	4,424.36	2,962.10	4,424.36
Total (B)	58,196.92	48,408.63	58,196.92	48,408.63
Financial assets measured at cost				
Investment in subsidiaries	2,692.09	2,692.09	2,692.09	2,692.09
Total (C)	2,692.09	2,692.09	2,692.09	2,692.09
Total (A+B+C)	63,315.56	61,502.95	63,315.56	61,502.95

b) Fair value of financial liabilities

Particulars	Carrying values		Fair values	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Financial liabilities measured at amortised cost				
Trade payables	938.55	477.16	938.55	477.16
Others financial liabilities	2,276.29	1,591.17	2,276.29	1,591.17
Total	3,214.84	2,068.33	3,214.84	2,068.33



ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

The fair value of the financial assets and liabilities represents the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- a) The fair values of the quoted investments in equity shares and mutual funds are based on market price and net asset value (NAV) at the reporting date.
- b) For other financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Management has assessed that fair value of trade receivables, cash and cash equivalents, other bank balances, investments, trade payables, other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

39.2 Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Valuation techniques for which the lowest level input which has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3: Valuation techniques for which the lowest level input which has a significant effect on the fair value measurement is not based on observable market data.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for financial assets and liabilities as at March 31, 2020

Particulars	Level 1	Level 2	Level 3	Total
<u>Financial assets:</u>				
Financial assets measured at fair value through profit or loss				
Investment in equity shares	37.63	-	-	37.63
Investment in mutual funds	2,388.92	-	-	2,388.92
Total	2,426.55	-	-	2,426.55

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for financial assets and liabilities as at March 31, 2019

Particulars	Level 1	Level 2	Level 3	Total
<u>Financial assets:</u>				
Financial assets measured at fair value through profit or loss				
Investment in equity shares	43.84	-	-	43.84
Investment in mutual funds	10,358.39	-	-	10,358.39
Total	10,402.23	-	-	10,402.23

ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

39.3 Financial risk management objectives and policies

Risk management framework

The Board has overall responsibility for establishing and governing the Company's risk management framework. The Board has delegated monitoring and reviewing of the risk management plan to the Risk Management Committee. The Company has constituted a Executive Risk Committee, a Risk management team and functional sub-committees which are responsible for identify, analyse, mitigate and monitor risks as per risk management framework. The primary risks and mitigation actions are also placed before Risk Management Committee and Board.

The Company is exposed to various risks in relation to financial instruments. The Company financial assets and liabilities are summarised in note 39.1. The main types of financial risks are market risk (price risk), credit risk and liquidity risk.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes may result from changes in foreign currency rate, interest rate, price and other market changes. The Company's exposure to market risk is mainly due to price risk.

Price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because changes in the market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company has adopted disciplined practices including position sizing, diversification, valuation, loss prevention, due diligence and exit strategies in order to mitigate losses as defined in Board approved investment policy.

The Company is exposed to price risk arising mainly from investment in equity shares and investment in mutual funds recognised at fair value through profit or loss. The detail of such investments are given in note 39.1. If the prices had been higher/ lower by 1% from the market prices existing as at the reporting date, profit would have been increased/ decreased by Rupees 24.27 lakh and Rupees 104.02 lakh for the year ended March 31, 2020 and March 31, 2019 respectively.

b) Credit risk

Credit risk is the risk of financial loss to the Company if customer or counterparty to financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customer and investment in mutual funds and deposits with banks.

To manage credit risk, the Company periodically review its receivables from customer for any non-recoverability of the dues, taking in to account the inputs from business development team and ageing of trade receivables. The management establishes an allowance for impairment that represents its expected credit losses in respect of trade and other financial assets. The management uses a simplified approach for the purpose of computation of expected credit loss. While computing expected credit loss, the management consider historical credit loss experience adjusted with forward looking information.

Movement in the expected credit loss allowance is as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Loss allowance at the commencement of the year	445.25	415.81
Changes in loss allowance, net	(73.26)	29.44
Loss allowance at the end of the year	371.99	445.25



ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

The Company invests its surplus funds as per the investment policy of the Company, which has been approved by the Board of Directors. Deposits are held with only high rated banks.

c) Liquidity risk

Liquidity risk is the risk that the Company's will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. For the Company, liquidity risk arises from obligations on account of financial liabilities - Trade payable and other financial liabilities.

Liquidity risk management

The Company continues to maintain adequate amount of liquidity to meet strategic and growth objectives. The Company's finance department is responsible for liquidity and fund management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through forecasts on the basis of expected cash flows.

The table below summarises the maturity profile of the Company's undiscounted financial liabilities:

As at March 31, 2020	< 1 year	1 to 3 years	> 3 years	Total
Trade payables	938.55	-	-	938.55
Other financial liabilities	920.08	752.50	1,345.09	3,017.67
Total	1,858.63	752.50	1,345.09	3,956.22

As at March 31, 2019	< 1 year	1 to 3 years	> 3 years	Total
Trade payables	477.16	-	-	477.16
Other financial liabilities	1,638.97	307.82	-	1,946.79
Total	2,116.13	307.82	-	2,423.95

39.4 Capital Management

The primary objective of the Company's capital management is to maximise the shareholder value. For the purpose of Company's capital management, capital includes issued equity capital, share premium and all other reserves and surplus attributable to the equity share holders of the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issues new shares and raises money through borrowings.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

39.5 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cashflows often exposure will fluctuate because of change in foreign exchange rates. The Company's exposure to foreign currency changes is not material.

40 Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company has maintained adequate documentation for the international transactions entered into with the associated enterprises during the financial year and expect such records to be in existence in accordance with the requirements of the law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

41 Buy back of shares

The Board of Directors of the Company in its meeting held on August 9, 2018 approved a proposal to buyback equity shares of the Company, for an aggregate amount not exceeding Rs 8,540 lakh (referred to as the "Maximum Buyback Size") from shareholders of the Company under the open market route in accordance with the provisions contained in the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 and the Companies Act, 2013 and rules made thereunder. The buyback process commenced on October 1, 2018 and closed on December 12, 2018. The Company utilised 99.9986% of Maximum Buyback Size authorised for buyback and bought back 252,049 equity shares resulted in total cash outflow of Rupees 8,539.88 lakh. In line with the requirement of the Companies Act 2013, an amount of Rs 5,173.82 lakh was utilized from the securities premium and an amount of Rupees 3,340.85 lakh was utilized from General Reserve for the buyback. Further, capital redemption reserve of Rs 25.21 lakh (representing the nominal value of the shares bought back) was created as an apportionment from the general reserve.

42 Other comprehensive income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Items that will not be reclassified to profit or (loss)		
Remeasurements of defined benefit liability/ (asset)	(71.95)	(32.61)
Income tax relating to items that will not be reclassified to profit or (loss)	18.11	9.50
Other comprehensive income, net of income tax	(53.84)	(23.11)

43 Merger of wholly-owned Subsidiaries

The Scheme of Amalgamation ('Scheme') of ICRA Management Consulting Services Limited with ICRA Online Limited (both wholly owned subsidiaries of the Company) approved by the Board of Directors of the Company on August 9, 2018, was filed with the National Company Law Tribunal ('NCLT'), New Delhi and Kolkata. NCLT, New Delhi and Kolkata sanctioned the said Scheme and the orders were filed with the Registrar of Companies ("ROC"), Delhi and Kolkata on June 19, 2019 and November 15, 2019 respectively. Upon filing the order with the ROC, Kolkata, the scheme has become effective.

Further, in terms of the Scheme, during the year, 10,00,000 Ordinary (Equity) shares of Rs in balance sheet 10 each of ICRA Online Limited has been issued and allotted as fully paid up to ICRA Limited (including shares issued to nominee shareholders) against 1,50,00,000 Ordinary (Equity) shares of Rs in balance sheet 10 each held in ICRA Management Consulting Services Limited. W.e.f. February 7, 2020, the merged entity has been renamed as "ICRA Analytics Limited".

44 Revenue disclosures

a) Revenue recognised in the current year

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of services		
Rating and grading fees	5,697.39	7,942.24
Surveillance fees	14,265.63	14,207.27
Research services fees	577.18	615.38
Total sale of services	20,540.20	22,764.89

**ICRA Limited****Notes to the financial statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

b) Revenue recognised from last years' unearned revenue

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rating and grading fees	776.99	1,027.45
Surveillance fees	2,637.62	2,382.97
Research services fees	308.44	268.28
Other services fees	-	2.23
Total	3,723.05	3,680.93

c) Unearned revenue

Particulars	As at March 31, 2020	As at March 31, 2019
Revenue to be recognised in:		
FY 2019-20	-	3,723.05
FY 2020-21	3,180.96	1.57
FY 2021-22	1.23	-
Total	3,182.19	3,724.62

45 Leases**A As a lessee**

a) The Company has adopted Ind AS 116 'Leases' with the date of initial application being 1 April 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Company has applied Ind AS 116 using the modified retrospective approach. As a result, the comparative information has not been restated. In adopting Ind AS 116, the Company has applied the below practical expedients:

The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics

The Company has treated the leases with remaining lease term of less than 12 months as if they were "short term leases"

The Company has not applied the requirements of Ind AS 116 for leases of low value assets

The Company has applied the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

b) The Company's significant lease arrangements are in respect of office premises. The lease term for these leases ranges between 11 months and 9 years which includes a lock-in period and in certain cases are renewable by mutual consent on mutually agreeable terms. These options are negotiated by management and aligned with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

c) The Company has discounted lease payments using the applicable incremental borrowing rate as at 1 April 2019, which is 10% for measuring the lease liability.

ICRA Limited**Notes to the financial statements for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)***d) The effect of adoption of Ind AS 116 as at April 1 2019 (increase/(decrease)) is as follows:**

Particulars	Amount
Assets	
Right-of-use assets (included in property, plant and equipment)	2,126.05
Other assets - Prepayments	(338.97)
Total assets	1,787.08
Liabilities	
Financial liabilities - Lease liabilities (included in other financial liabilities)	1,787.08
Total liabilities	1,787.08

e) The effect of adoption of Ind AS 116 on the Statement of Profit and Loss for the year ended March 31, 2020 is as follows:

Particulars	As reported	Impact of Ind AS 116*	Comparable Amount
Revenue from operations	20,778.26	-	20,778.26
Other income	4,057.40	-	4,057.40
Total income	24,835.66	-	24,835.66
Employee benefit expenses	10,510.73	-	10,510.73
Finance costs	166.22	164.75	1.47
Depreciation and amortisation expense	537.64	319.33	218.31
Other expenses	4,415.87	(338.81)	4,754.68
Total expenses	15,630.46	145.27	15,485.19
Profit before tax	9,205.20	(145.27)	9,350.47
Tax expense	2,707.22	(36.56)	2,743.78
Profit after tax	6,497.98	(108.71)	6,606.69
Total comprehensive income for the year	6,444.14	(108.71)	6,552.85
Earnings per share (Rupees)			
1) Basic	67.55	(1.13)	68.68
2) Diluted	67.55	(1.13)	68.68

* Positive amount represents increase and negative amount represents decrease.

f) Amount recognised in the statement of cash flows

Particulars	As at March 31, 2020
Payment of lease liabilities	(174.04)
Interest paid on lease liabilities	(164.75)
Payment of short term leases	(18.44)
Impact on the statement of cash flows for the year	(357.23)

**ICRA Limited****Notes to the financial statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

g) The lease liabilities as at April 1, 2019 can be reconciled to the operating lease commitments as of March 31 2019 is as follows:

Particulars	Amount
Operating lease commitments as at March 31, 2019	708.46
Less: Commitments relating contracts which don't contain a lease	37.04
Operating lease commitments related to contracts which qualify as lease assets	671.42
Weighted average incremental borrowing rate as at April 1, 2019	10.00%
Discounted operating lease commitments as at April 1, 2019	579.83
Add: Lease payments relating to renewal periods not included in operating lease commitments as at March 31, 2019	1,207.25
Lease liabilities as at April 1, 2019	1,787.08

h) The contractual maturity of lease liabilities as on March 31, 2020 on an undiscounted basis is as follows:

Particulars	As at March 31, 2020
Not later than one year	342.11
Later than one year but not later than five years	752.50
Later than five years	1,345.09

i) The Company does not foresee significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

i) Lease disclosure for the year ended/ as at March 31, 2019:

The lease rental charged to Statement of Profit and Loss:

Particulars	For the year ended March 31, 2019
Rent *	398.17

Future minimum lease payable under non-cancellable operating lease are as follows:

Particulars	As at March 31, 2019
Not later than one year	267.24
Later than one year but not later than five years	441.22

* Includes rental for parking space, guest house, office premises etc. which has been accounted in the respective heads.

B As a lessor

The Company has given a part of its premises under cancellable operating lease arrangement. Lease rentals amounting to Rupees 28.19 lakh (previous year Rupees 24.25 lakh) have been recognised in the Statement of Profit and Loss. As only a portion of these premises has been let out, the gross carrying amount, depreciation for the year and the accumulated depreciation of leased premises/ assets is not separately identifiable.

ICRA Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

46 The Company's Management assesses the operations of the subsidiaries, including the future projections, to identify indications of diminution, other than temporary, in the value of the investments recorded in the financial statements and accordingly, no additional provision is required to be made, other than the amounts provided for in the books of account.

47 The movement of provisions are as under:

Particulars	Provision for pending litigations		Provision for service tax	
	As at	As at	As at	As at
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Opening balance	100.00	-	15.91	15.91
Additions during the year	-	100.00	-	-
Utilised during the year	(25.00)	-	-	-
Closing balance	75.00	100.00	15.91	15.91

48 Covid-19 impact

The lockdown imposed by the Central and most of the State Governments to contain the spread of COVID-19 has led to a steep decline in activity levels in the economy across sectors – manufacturing as well as service – that is expected to result in a sharp contraction in GDP of about 5%, as per ICRA's estimates, in financial year 2021. Fresh issuances from corporates, including finance companies, have been restricted to few entities which has impacted the fresh ratings business. This impact, however, has been mitigated to some extent by the spurt in rating opportunities due to issuances that got funded by the Reserve Bank of India's [RBI] Targeted Long-Term Repo Operations [TLTRO] which was a key step towards providing liquidity to corporates, and the refinancing opportunities that arose because of easing in monetary policy leading to fall in yields. Rating opportunities in the near term are going to depend, *inter alia*, on revival in economic activity, trajectory of interest rates and Government spending to revive manpower intensive sectors that in turn would spur consumption. Investment by private sector companies would additionally, depend on access to funding, as lenders as well as investors have turned risk averse.

In terms of operations, the Company is well geared to serve its clients and market participants without any disruption in the service levels. To mitigate any risk to Company's employees, the Company extended remote work for all employees across all locations and demonstrated its ability to provide seamless delivery of high-quality and timely services to its clients even during the lock-down.

In view of the pandemic relating to COVID-19, the Company has considered internal and external information and has performed an analysis based on current estimates on the Company's capital and financial resources, profitability, liquidity position, assets, internal financial reporting and control, and demand for the Company's services. The Company is of the view that based on its present assessment, this situation does not materially impact the Company's capital and financial resources. However, the actual impact of COVID-19 may differ from that estimated due to unforeseen circumstances and the Company will continue to closely monitor any material changes to future economic conditions and consequential impact on its financial statements.

49 The previous year's figures have been regrouped/ reclassified wherever considered necessary to make them comparable with those of the current year's classification.

As per our report of even date attached

For and on behalf of the Board of Directors of **ICRA Limited**

For **B S R & Co. LLP**
Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

Shashank Agarwal
Partner
Membership No.: 095109

Place: Gurugram
Dated: July 14, 2020

Amit Kumar Gupta
Whole-time Director &
General Counsel
(DIN: 00352927)

Vipul Agarwal
Interim Chief Operating Officer &
Group Chief Financial Officer

Arun Duggal
Chairman
(DIN: 00024262)

S. Shakeb Rahman
Company Secretary



Independent Auditor's Report

To the Members of ICRA Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the Consolidated Financial Statements of ICRA Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects/ possible effects, if any, of the matter described in the "Basis for Qualified Opinion" section of our report and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated State of Affairs of the Group as at 31 March 2020, of its Consolidated Profit and Other Comprehensive Income, Consolidated Changes in Equity and Consolidated Cash Flows for the year then ended.

Basis for Qualified Opinion

Attention is drawn to note 29 of the Consolidated Financial Statements, wherein it is explained that the Holding Company is in the process of addressing certain ongoing matters.

First, in respect of an adjudication proceeding ("Adjudication Proceeding") initiated by the Securities and Exchange Board of India ("SEBI") in relation to the credit ratings assigned to one of the Holding Company's customers and the customer's subsidiaries, SEBI issued an order imposing a penalty of INR 25 lakh under section 15HB of the SEBI Act, 1992 on the Holding Company. Further, SEBI issued a Show Cause Notice ("SCN") for enhancement of penalty amount. The Holding Company has filed an appeal challenging the adjudication order before the Securities Appellate Tribunal (the "SAT") and deposited the penalty amount of INR 25 lakh without prejudice to such appeal. The said appeal is pending before the SAT. The Holding Company has also been cooperating with government agencies and responding to their queries in relation to this matter.

Second, the Board of Directors ("Board") had appointed external experts to examine and report on anonymous representations making certain allegations against two former officials, which were forwarded to the Holding Company by SEBI ("Representations"). During the examination of the aforesaid Representations, certain counter allegations were made by one of the two former officials, for which the Board appointed a second set of external experts to examine such allegations.

Based on our sighting and briefing of the findings of the external experts, the findings indicate that the conduct of the aforesaid officials was not in conformity with certain applicable regulations and Holding Company policies relating to credit rating activities. The aforesaid officials are no longer in the employment of the Holding Company. The external experts have expressed that no evidence was found suggesting ex-facie that the ratings examined as part of the examination were inflated (i.e. were unsupported by ratings analysis). Further, as per external experts, this is subject to the limitation that the determination of whether or not any ratings are supported by ratings analysis, is a qualitative technical matter that was beyond the scope of the examination as the examination was not aimed at reviewing the appropriateness of rating opinions on merits.

Based on our sighting and briefing of the findings of the second set of external experts, the findings do not indicate any material deficiencies with applicable regulations and Holding Company policies.

The findings of the external experts have been presented to the Board members. As informed to us, the Board is in the process of taking steps with regard to the outcome of the examinations.

Third, the Holding Company directly received another anonymous representation during the year ended 31 March 2020 against certain of its existing officials and the examination thereof is in progress.

Fourth, the Holding Company had received a letter from SEBI seeking comments on observations made in the interim report dated July 15, 2019 prepared by Grant Thornton India LLP, which was commissioned by the IL&FS group. As informed to us, the Holding Company had submitted its responses to SEBI on such observations dated 14 August 2019 and there has been no further development in this matter.

While the Group has made a provision for penalty on a best estimate basis with regard to the Adjudication Proceeding, the impact of uncertainties arising from SEBI's powers against non-compliances of aforesaid regulatory framework and other matters stated above are currently unascertainable. Consequently, we are unable to estimate the impact, if any, that may result from a conclusion of these matters or any related inquiry, on the Consolidated Financial Statements for the year ended 31 March 2020.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Consolidated Financial Statements.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined that the matter described below to be the key audit matters to be communicated in our report:

Description of Key Audit Matter

a) Revenue recognition

See note 3.2 to the Consolidated Financial Statements

The key audit matter	How the matter was addressed in our audit
<p>The revenue relating to rating and grading, where customers' acceptance is required, is recognized upon issuance of press release or disclosure of unaccepted ratings on the Holding Company's website. For other cases, revenue is recognized upon transfer of control of promised services to the customers.</p> <p>There is a risk that revenue is recognized for all services before the transfer of control of the service to customer is completed.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Evaluation of the design and implementation and operating effectiveness of internal controls relating to revenue recognition process. • On selected sample of contracts, tested revenue recognition, and our procedures included: <ul style="list-style-type: none"> - evaluating the identification of performance obligations; - considering the terms of the contracts to determine the transaction price; and - inspection of the date of transfer of control of service and recording of revenue at an appropriate date. • Tested revenue recognition for cut-off transactions on sample basis to assess whether the customer has obtained the control of service and whether the timing of revenue recognition is appropriate. • Assessed the adequacy of the disclosures in accordance with the relevant accounting standard.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the Consolidated Financial Statements and our auditor's report thereon. The Holding Company's Annual Report is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the Consolidated State of Affairs, Consolidated Profit and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each Company, and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group is responsible for overseeing the financial reporting process of each Company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the Consolidated Financial Statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of Consolidated Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have

been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Consolidated Financial Statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets (before consolidation adjustments) of Rs. 5,552.88 lacs as at 31 March 2020, total revenue (before consolidation adjustments) of Rs. 656.44 lacs and net cash outflows (before consolidation adjustments) of Rs. 39.09 lacs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

Certain of these subsidiaries are located outside India, whose financial statements have been prepared in accordance with the accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and conversion adjustments prepared by the management and audited by us.

(b) The financial information of one subsidiary, whose financial information reflect total assets (before consolidation adjustments) of Rs. 1.01 lacs as at 31 March 2020, total revenues (before consolidation adjustments) of Rs. Nil and net cash inflows (before consolidation adjustments) of Rs. 0.06 lacs for the year ended on that date, as considered in the Consolidated Financial Statements, have not been audited either by us or by other auditors. These unaudited financial information have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of said subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

(A) As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

- Except for the effects of restricted access and limited information provided to us with respect to underlying documents supporting the work of the external experts and the effects of the matter described in the Basis for Qualified Opinion paragraph above, we have sought and 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 relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under section 133 of the Act.
- e) Based on the legal opinions obtained by the Holding Company from reputed external counsels, the Holding Company does not foresee an action from the regulator(s) that could adversely affect the functioning of the Holding Company. However, in our opinion, the matter described in the Basis for Qualified Opinion paragraph above, may have an adverse effect on the functioning of the Holding Company.
- f) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- g) With respect to the adequacy of the internal financial controls with reference to Consolidated Financial Statements of the Holding Company, its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:

- i. The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group – Refer Note 28 and 29 to the Consolidated Financial Statements;
- ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India during the year ended 31 March 2020; and
- iv. The disclosures in the Consolidated Financial Statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the Consolidated Financial Statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

Shashank Agarwal

Partner

Membership No.: 095109

ICAI UDIN: 20095109AAAAEP6065

Place: Gurugram

Date: 14 July 2020

Annexure A to the Independent Auditor's report on the Consolidated Financial Statements of ICRA Limited for the year ended 31 March 2020

Report on the Internal Financial Controls with reference to the aforesaid Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph A(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Adverse Opinion

In conjunction with our audit of the Consolidated Financial Statements of ICRA Limited as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to Consolidated Financial Statements of ICRA Limited and its subsidiary companies, which are companies incorporated in India under the Companies Act, 2013 (together referred to as "the Company" in this report), as of that date.

In our opinion, because of the effects/possible effects, if any, of the material weaknesses described below on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were not operating effectively as at 31 March 2020, based on the internal financial controls with reference to Consolidated Financial Statements criteria established by the Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

We have considered the material weaknesses identified and reported below in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated Financial Statements for the year ended 31 March 2020 and the material weaknesses have affected our opinion on the said Consolidated Financial Statements and we have issued a qualified opinion on the said Consolidated Financial Statements.

Basis for Adverse Opinion

As explained inter-alia in the "Basis for Qualified Opinion" section of our Audit Report on the Consolidated Financial Statements for the year ended 31 March 2020, pursuant to examinations by the external experts appointed by the Board of Directors of the Company of anonymous representations received by the Company, non-compliances of certain applicable regulations and Company policies relating to credit rating activities, including override of certain internal controls by senior management officials, have been identified, which indicates that the control environment was ineffective as at 31 March 2020. This could potentially result in legal/ penal implications on the Company. The Company is in the process of undertaking remedial steps over a defined period of time towards strengthening its control environment. Pending the outcome of aforesaid non-compliances and conclusion of certain other ongoing matters, the completeness of identification of control deficiencies cannot be ascertained.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management's and Board of Directors' Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to Consolidated Financial Statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Consolidated Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements



and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls with reference to Consolidated Financial Statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of Internal Financial Controls with reference to Consolidated Financial Statements included obtaining an understanding of Internal Financial Controls with reference to Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion on the Internal Financial Controls with reference to Consolidated Financial Statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A Company's Internal Financial Controls with reference to Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's Internal Financial Controls with reference to Consolidated Financial Statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Consolidated Financial Statements.

Inherent limitations of Internal Financial controls with Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to Consolidated Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls with reference to Consolidated Financial Statements to future periods are subject to the risk that the Internal Financial Controls with reference to Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

Shashank Agarwal

Partner

Membership No.: 095109

ICAI UDIN: 20095109AAAAEP6065

Place: Gurugram

Date: 14 July 2020

ICRA Limited**Consolidated Balance Sheet as at March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	4	5,252.48	3,230.73
(b) Goodwill	43	122.53	122.53
(c) Other intangible assets	5.1	74.60	30.24
(d) Intangible assets under development	5.2	204.19	140.21
(e) Financial assets			
(i) Investments	6.1	2,426.55	10,402.23
(ii) Loans	7.1	445.43	443.14
(iii) Other financial assets	8.1	2,106.88	4,193.15
(f) Deferred tax assets (net)	9	642.20	337.12
(g) Non-current tax assets (net)	10	1,178.75	1,204.73
(h) Other non-current assets	11.1	83.47	396.34
Total non-current assets		12,537.08	20,500.42
(2) Current assets			
(a) Financial assets			
(i) Investments	6.2	7,969.99	7,747.76
(ii) Trade receivables	12	5,719.47	3,380.54
(iii) Cash and cash equivalents	13	1,620.82	2,442.15
(iv) Bank balances other than (iii) above	14	51,057.83	38,306.47
(v) Loans	7.2	36.06	53.79
(vi) Other financial assets	8.2	4,171.95	3,295.58
(b) Other current assets	11.2	1,411.89	1,116.15
(c) Assets held for sale		27.74	27.74
Total current assets		72,015.75	56,370.18
Total assets		84,552.83	76,870.60
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	15	965.12	965.12
(b) Other equity	16	69,196.35	63,122.31
Equity attributable to equity holders of parent		70,161.47	64,087.43
Non-controlling interests		258.58	172.91
Total equity		70,420.05	64,260.34
Liabilities			
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	17.1	1,922.58	160.21
(b) Provisions	18.1	708.47	589.64
(c) Other non-current liabilities	19.1	-	0.27
Total non-current liabilities		2,631.05	750.12
(3) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	20	11.39	6.35
(A) Total outstanding dues of micro and small enterprises		1,540.87	1,040.01
(B) Total outstanding dues other than micro and small enterprises		1,163.76	1,719.18
(ii) Other financial liabilities	17.2	2,368.91	2,726.81
(b) Provisions	18.2	300.25	162.91
(c) Current tax liabilities (net)	21	6,116.55	6,204.88
(d) Other current liabilities	19.2	11,501.73	11,860.14
Total current liabilities		14,132.78	12,610.26
Total liabilities		84,552.83	76,870.60
Total equity and liabilities			

Significant accounting policies

3

The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of **ICRA Limited****For B S R & Co. LLP**
Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

Shashank Agarwal
Partner
Membership No.: 095109Place: Gurugram
Dated: July 14, 2020

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Amit Kumar Gupta
Whole-time Director &
General Counsel
(DIN: 00352927)**Vipul Agarwal**
Interim Chief Operating Officer &
Group Chief Financial Officer**Arun Duggal**
Chairman
(DIN: 00024262)**S. Shakeb Rahman**
Company Secretary

**ICRA Limited****Consolidated Statement of Profit and Loss for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	Note No.	For the year ended	For the year ended
		March 31, 2020	March 31, 2019
I Revenue from operations	22	32,108.84	32,806.00
II Other income	23	4,796.75	4,479.57
III Total income (I+II)		36,905.59	37,285.57
Expenses			
IV Employee benefit expenses	24	16,166.87	16,079.68
V Finance costs	25	204.47	7.48
VI Depreciation and amortisation expense	26	1,029.01	562.24
VII Other expenses	27	6,357.65	5,432.36
VIII Total expenses (IV to VII)		23,758.00	22,081.76
IX Profit before tax (III-VIII)		13,147.59	15,203.81
Tax expense:			
Current tax		3,707.31	4,278.80
Deferred tax		(283.49)	330.45
X Total tax expense	9	3,423.82	4,609.25
XI Profit after tax (IX-X)		9,723.77	10,594.56
Other comprehensive income	42		
A. (i) Items that will not be reclassified to profit or (loss)		(85.40)	(46.11)
(ii) Income tax relating to items that will not be reclassified to profit or (loss)		21.59	13.36
B. (i) Items that will be reclassified to profit or (loss)		1.28	(5.39)
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XII Total other comprehensive income, net of tax (A+B)		(62.53)	(38.14)
XIII Total comprehensive income for the year (XI + XII)		9,661.24	10,556.42
XIV Profit attributable to :			
Owners of the Company		9,617.50	10,540.30
Non-controlling interests		106.27	54.26
XV Other comprehensive income attributable to :			
Owners of the Company		(62.53)	(36.22)
Non-controlling interests		-	(1.92)
XVI Total comprehensive income attributable to :			
Owners of the Company		9,554.97	10,504.08
Non-controlling interests		106.27	52.34
XVII Earnings per share (Rs.)	31		
(face value of Rs. 10 per share):			
Basic		99.98	108.03
Diluted		99.98	107.98
Significant accounting policies	3		

The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of **ICRA Limited****For B S R & Co. LLP**
Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

Shashank Agarwal
Partner

Membership No.: 095109

Place: Gurugram
Dated: July 14, 2020**Amit Kumar Gupta**
Whole-time Director & General Counsel
(DIN: 00352927)**Arun Duggal**
Chairman
(DIN: 00024262)**Vipul Agarwal**
*Interim Chief Operating Officer & Group Chief Financial Officer***S. Shakeb Rahman**
Company Secretary

ICRA Limited**Consolidated Cash Flow Statement for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Cash flow from operating activities		
Profit before tax	13,147.59	15,203.81
Adjustments for:		
Depreciation and amortisation expense	1,029.01	562.24
Bad debts/ advances written off (net of provisions)	163.99	443.58
Loss on sale/ write off of property, plant and equipment (net)	19.17	-
Interest on lease liabilities	203.00	-
Short term lease rental	61.79	-
Other interest costs	1.47	7.48
Unrealised foreign exchange loss/ (gain) (net)	(0.23)	9.29
Interest income on fixed deposits	(3,696.29)	(2,705.16)
Interest income on investments	(639.27)	(429.48)
Gain on financial assets carried at FVTPL (net)	(314.52)	(1,116.82)
Advances received from customers written back	(178.91)	(195.97)
Profit on sale of property, plant and equipment (net)	-	(58.06)
Adjustment on adoption of Ind AS 115	-	(146.94)
Operating cash flow before changes in operating assets and liabilities	9,796.80	11,573.97
Adjustments for changes in operating assets and liabilities		
(Increase)/ decrease in trade receivables	(2,664.74)	669.46
(Increase)/ decrease in loans	15.44	(150.06)
(Increase)/ decrease in other financial assets	(476.91)	(434.84)
(Increase)/ decrease in other assets	(348.87)	(691.12)
Increase/ (decrease) in trade payables	505.90	275.53
Increase/ (decrease) in other financial liabilities	(917.56)	1,014.37
Increase/ (decrease) in other liabilities	90.31	(201.69)
Increase/ (decrease) in provisions	(324.47)	206.83
Cash generated from operations before tax	5,675.90	12,262.45
Taxes paid, net of refund	(3,543.99)	(4,177.07)
Net cash generated from operating activities (A)	2,131.91	8,085.38
B. Cash flow from investing activities:		
Purchase of property, plant and equipment, intangible assets and intangible assets under development including capital advances	(406.09)	(471.31)
Sale proceeds from property, plant and equipment and intangible assets	18.37	461.03
Sale proceeds from redemption/ disposal of mutual funds	8,290.21	18,382.49
Investments (made in)/ redemption in corporate deposits (net)	(222.23)	(1,568.01)
Interest received on investments	653.21	482.55
(Increase)/ decrease in fixed deposits (having maturity of more than three months), net	(10,678.37)	(14,505.69)
Interest received on fixed deposits	3,459.50	1,689.58
Net cash generated/ (used) in investing activities (B)	1,114.60	4,470.64

**ICRA Limited****Consolidated Cash Flow Statement for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
C. Cash flow from financing activities		
Payment towards buy back of shares (Refer note 39)	-	(8,539.88)
Payment of lease liabilities	(306.35)	-
Interest paid on lease liabilities	(203.00)	-
Payment of short term leases	(61.79)	-
Dividend paid	(2,906.39)	(2,971.87)
Dividend distribution tax paid	(595.15)	(610.69)
(Decrease)/ increase in unclaimed dividend	4.84	(0.21)
Proceeds from transfer of shares to employees under employees stock options scheme (Refer note 41)	-	28.81
Net cash generated/ (used) in financing activities (C)	(4,067.84)	(12,093.84)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(821.33)	462.18
Add: Cash and cash equivalents at the beginning of year	2,442.15	1,979.97
Cash and cash equivalents at the end of the year	1,620.82	2,442.15
Components of cash and cash equivalents (Refer note 13)		
Cash on hand	3.81	3.18
Cheques on hand	-	6.85
Balances with banks		
In current accounts	1,593.57	2,157.72
In deposit accounts (with original maturity of three months or less)	23.44	274.40
Cash and cash equivalents at the end of the year	1,620.82	2,442.15

Note:

Consolidated Cash Flow Statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows"

Significant accounting policies (Refer note 3)

The notes referred to above form an integral part of the consolidated financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors of **ICRA Limited**

For B S R & Co. LLP
Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

Shashank Agarwal
Partner
Membership No.: 095109

Place: Gurugram
Dated: July 14, 2020

Amit Kumar Gupta
*Whole-time Director &
General Counsel*
(DIN: 00352927)

Vipul Agarwal
*Interim Chief Operating Officer &
Group Chief Financial Officer*

Arun Duggal
Chairman
(DIN: 00024262)

S. Shakeb Rahman
Company Secretary

Consolidated Statement of Changes in Equity for the year ended March 31, 2020

(All amounts in Rupees /akh, except share data, per share data and where otherwise stated)

Particulars	Attributable to equity shareholders						Attributable to Non-controlling interests	Total	
	Equity share capital	Capital reserve	Securities premium	Capital redemption reserve	Treasury shares	General reserve	Retained earnings	Items of OCI	
Opening balance as at April 1, 2018	990.33	3,302.03	5,078.29	40.10	97.91	(134.25)	11,644.28	44,545.67	(104.15)
Adjustment on adoption of Ind AS 115, net of tax							155.73		
Impact of recognition of deferred tax asset on amalgamation (Refer note 40)								(60.77)	
Opening balance after adjustments	990.33	3,302.03	5,078.29	40.10	97.91	(134.25)	11,644.28	44,597.25	
Profit after tax							10,540.30		
Other comprehensive income, net of tax								(60.77)	
Total comprehensive income for the year									
Options exercised									
Options lapsed									
Buyback of equity shares (Refer note 39)									
Issue of shares on exercise of options by employees (Refer note 41)									
Dividend on equity shares									
Dividend distribution tax									
Closing balance as at March 31, 2019	965.12	3,302.03	-	65.31	-	(105.44)	8,280.60	51,678.27	(91.60)
Opening balance as at April 1, 2019	965.12	3,302.03	-	65.31	-	(105.44)	8,280.60	51,678.27	(91.60)
Profit after tax									
Other comprehensive income, net of tax									
Total comprehensive income for the year									
Dividend on equity shares									
Dividend distribution tax									
Closing balance as at March 31, 2020	965.12	3,302.03	-	65.31	-	(105.44)	8,280.60	57,814.84	(155.41)
Significant accounting policies (Refer note 3)									

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022
Shashank Agarwal
Partner

Membership No.: 095109
Place: Gurugram
Dated: July 14, 2020

For and on behalf of the Board of Directors of **ICRA Limited**

Arun Duggal
Chairman
(DIN: 00024262)
Amit Kumar Gupta
Whole-time Director &
General Counsel
(DIN: 00352927)

S. Shakeeb Rahman
Company Secretary
Vipul Agarwal
Interim Chief Operating Officer &
Group Chief Financial Officer



ICRA Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

1. Corporate information

ICRA Limited (formerly Investment Information and Credit Rating Agency of India Limited) ('the Company' or 'Holding Company') 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. ICRA is a public limited Company, incorporated and domiciled in India with its registered office in New Delhi. It is listed on BSE Limited and the National Stock Exchange of India Limited.

It has various subsidiaries involved in rating, management consulting and outsourcing and information services etc. These consolidated financial statements comprise the Company and its subsidiaries including step down subsidiaries (collectively known as 'the Group') as detailed below:

Name of the entities	Country of incorporation	Ownership in % either directly or through subsidiaries
ICRA Analytics Limited (formerly ICRA Online Limited)	India	100%
ICRA Management Consulting Services Limited (merged with ICRA Analytics Limited w.e.f. November 15, 2019)	India	100%
Pragati Development Consulting Services Limited	India	100%
ICRA Employees Welfare Trust	India	NA
PT. ICRA Indonesia*	Indonesia	99%
ICRA Lanka Limited	Sri Lanka	100%
ICRA Nepal Limited	Nepal	51%

* Under liquidation.

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Companies (Indian Accounting Standards) Rules 2015 and other relevant provisions of the Act.

These consolidated financial statements have been prepared on the historical cost basis and on an accrual basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 Share-based Payments and measurements that have some similarities to fair value but are not fair value, such as 'value in use', in Ind AS 36 Impairment of assets.

The consolidated financial statements were authorised for issue by the Company's Board of Directors on July 14, 2020.

2.2 Basis of consolidation

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealised profits/ losses, unless cost/ revenue cannot be recovered.

ICRA Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commence until the date on which control ceases.

The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognised as 'Goodwill' being an asset in the consolidated financial statements. The said Goodwill is not amortised, however, it is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus' in the consolidated financial statements.

Non-controlling interests in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately within equity.

Non-controlling interests in the net assets of consolidated subsidiaries consists of:

(a) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and

(b) The non-controlling interests share of movements in equity since the date parent subsidiary relationship came into existence.

The profit and other comprehensive income attributable to non-controlling interests of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss and Consolidated Statement of Changes in Equity.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other component of equity. An interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in consolidated profit or loss.

2.3 Functional and presentation currency

The consolidated financial statements are presented in Indian Rupee (Rs.), which is also the Company's functional currency and reporting currency of the Group. All values are rounded to the nearest lakh, unless otherwise stated.

2.4 Use of estimates, judgements and assumptions

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets and liabilities. Actual results may differ from these estimates and assumptions.

Estimate and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively.

The Group has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and in the relevant notes to the consolidated financial statements. Changes in estimates are accounted for prospectively.

Judgements

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:



ICRA Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

a. Provisions and contingent liabilities

The Group estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal, contractual and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgements and the use of estimates regarding the outcome of future events.

b. Revenue recognition

In case of initial rating a portion of the fee is allocated towards first year surveillance based on management's estimate. Surveillance fees from second year onwards is recognised when there is reasonable certainty of collection. The assessment of reasonable certainty involves exercise of significant judgements on client co-operation for surveillance which includes receipt of information for performing surveillance rating and realisation of fees.

c. Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Assumptions and estimation uncertainties

The key assumptions concerning the future uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

a. Impairment of non-financial assets and goodwill

Non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of cash inflows of other assets or CGUs.

Goodwill arising from a business combination is allocated to CGUs or Group of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of a CGU or an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU or asset.

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In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples and other available fair value indicators.

b. Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The respective entities of the Group use judgements in making these assumptions and selecting the inputs to the impairment calculation, based on history, existing market conditions as well as forward looking estimates at the end of each reporting period.

c. Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined at entity level using actuarial valuations. An actuarial valuation involves various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, withdrawal rate and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed by entities at each reporting date.

d. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated balance sheet cannot be measured based on quoted prices in the active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e. Recognition of deferred tax assets

Deferred tax assets are recognised for temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

2.5 Fair value measurement

The Group measures both its financial and non-financial assets and liabilities such as investments, security deposits, loan to staff, trade payables, payable to employees etc. at fair value at each balance sheet date using valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.



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The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Division II of Schedule III to the Act.

Based on the nature of activities of the Group, the Group has determined its operating cycle as twelve months for the purpose of classification of its assets and liabilities as current and non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

3.2 Revenue recognition

The Group earns revenue primarily from the rating (including grading and research), management consulting, outsourcing and information services and other services.

- i) In rating and grading services, the first year rating and grading fees includes free surveillance for first twelve months or the period of instrument, whichever is shorter, from the date of rating and grading. A portion of the fee is allocated towards first year free surveillance based on management's estimate. The revenue related to initial rating and grading is recognised upon issuance of press release or disclosure of unaccepted ratings on the Company's website.

Surveillance fee, to the extent of reasonable certainty of collection, is recognised over the surveillance period (ignoring fractions of months).

- ii) In consulting:
 - a. Revenue from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.
 - b. Revenue from time bound fixed price contracts are recognised over the life of the contract using the Proportionate Completion Method, with contract costs determining the degree of completion. When reliable estimates of revenue cannot be made or when revenue is contingent on events that are beyond the control of the entity, revenue is recognised under the Completed Contract Method. Foreseeable losses on contracts are recognised when probable.

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- iii) Revenue related to subscription fees of data products, research reports, and annual maintenance charges and any other periodic charges are recognised over the related subscription period. Revenue from sale and customisation of software is recognised on acceptance of deliverable by client on completion of work or reaching milestone as per agreement with client.
- iv) Revenue from outsourced services in respect of period based assignments of maintenance and management of data, income is recognised over the period of assignment.
- v) Revenue from other service arrangements is recognised as and when services are rendered and related costs are incurred, in accordance with the terms of the specific contracts.
- vi) Unearned revenue represents advance billing for which services have not been rendered.
- vii) Unbilled revenue represents services rendered for which invoices are yet to be raised.
- viii) Out of pocket expenses which are recoverable from customers, are recognised both as expenditure and revenue.

3.3 Export incentive

Export benefits available under prevalent schemes are accrued in the year in which the services are exported and there is no uncertainty in receiving the same.

3.4 Government grants and subsidies

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants that compensate for expenses incurred are recognised in the Consolidated Statement of Profit and Loss, as other operating income on a systematic basis in the periods in which the expense are recognised.

3.5 Other income

Dividend income is recognised when the unconditional right to receive the income is established, which is generally when shareholders approve the dividend.

Interest income on bank deposits is recognised using effective interest rate, on time proportionate basis.

For accounting policy on income from other financial instruments refer para 3.6.

3.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Trade receivable and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group became party to the contractual provision of the instrument.

A financial asset or financial liability is initially recognised at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**ICRA Limited****Notes to the Consolidated Financial Statements for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)***Classification and subsequent measurement****Financial assets**

On initial recognition, financial asset is classified as measured at:

- Amortised cost
- Fair value through other comprehensive income (FVTOCI) – debt investments
- FVTOCI – equity investments or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for mapping of financial assets.

A financial asset is measured at the amortised cost if both of the following conditions are met and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets and collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A 'debt investment' is measured at FVTOCI if both of the following conditions are met and is not designated as at FVTPL:

- the assets is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual term of the financial asset give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investments that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVTOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL.

Subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit and loss. Any gain or loss on derecognition is recognised in profit and loss.
Debt investments at FVTOCI	These assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains or losses and impairment are recognised in profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI reclassified to profit and loss.
Equity investments at FVTOCI	These assets are subsequently measured at fair value. Dividend are recognised as income in profit and loss unless the dividend clearly represents recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit and loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognised in profit and loss.

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Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is designated as such on initial recognition. Financial liabilities are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are measured at amortised cost using effective interest method. Interest expense and foreign exchange gains or losses (if any) are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit and loss.

Derecognition

Financial assets

The Group derecognise a financial asset when:

- the rights to receive cash flows from the asset have expired, or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

The Group derecognise a financial liability when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Statement of Profit and Loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.7 Property, plant and equipment

Recognition and measurement

Property, plant and equipment and capital work in progress are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprise of its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other cost directly attributable to bring the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.



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If significant parts of an item of property, plant and equipment have different useful life, then they are accounted for as separate item of property, plant and equipment.

An item of property, plant and equipment or any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Statement of Profit and Loss when the asset is derecognised.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefit of associated with the expenditure will flow to the Group. All other expenditure is recognised in the Consolidated Statement of Profit and Loss.

Depreciation

Depreciation is calculated on cost of item of property, plant and equipment less their estimated residual value over their estimate useful lives using written down value method and is recognised in the Consolidated Statement of Profit and Loss. Assets acquired under leasehold improvements are depreciated using straight line method over the primary period of the lease or useful life of the assets whichever is shorter. The primary lease period for this purpose includes any lease period extendable at the discretion of the lessee.

The estimated useful lives of items of property, plant and equipment are as follows:

Asset	Useful life as per schedule II (in years)
Buildings	60
Computers and data processing units (including Servers and Network installation)	3-6
Furniture and fittings	10
Office equipment	5
Electrical installation and equipment	10
Vehicles	8

Depreciation method, useful lives and residual value are reviewed at each financial year-end and adjusted if appropriate. Management believes that its estimates of useful lives as given above, represents the period over which management expects to use these assets.

Depreciation on addition/ disposal is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready to use (disposed of).

Assets individually costing up to Rs. 5,000 are fully depreciated in the year of purchase.

Capital work-in-progress

Capital work-in-progress assets in the course of construction for supply of services or administrative purposes, are carried at cost, less any recognised impairment loss. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised where the asset is available for use but incapable of operating at normal levels until a period of commissioning has been completed.

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3.8 Goodwill and other intangible assets

Goodwill

For goodwill that arises on consolidation refer note 2.2. Subsequent measurement is at cost less any accumulated impairment losses.

Goodwill is not amortised and is tested for impairment annually.

Other Intangible assets

Recognition and measurement of purchased intangible assets

Intangible assets acquired separately are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortization and accumulated impairment losses (if any).

Recognition and measurement of Internally generated intangible assets

Internally generated goodwill is not recognised as an asset. Other internally generated intangible assets comprises softwares, expenditure on research activities undertaken for developing a new product, is recognised in the Consolidated Statement of Profit and Loss as incurred.

Development expenditure on internally generated intangible assets comprises softwares is capitalized as a part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and use or sell the asset. Otherwise, it is recognised in Consolidated Statement of Profit and Loss as incurred. Subsequent to the initial recognition, the asset is measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Consolidated Statement of Profit and Loss.

Amortisation

Amortisation is calculated to write off the cost of the intangible assets over their estimated useful lives using the written down value method, and is included in depreciation and amortisation in Consolidated Statement of Profit and Loss. Internally generated Intangible asset is depreciated under straight line method over the useful life of the assets.

The estimated useful lives of items of intangible assets for the current and comparative periods are as follows:

Asset	Useful life (in years)
Computer softwares	10
Internally generated intangible assets	3

Amortisation method, rate and residual value are reviewed at each financial year-end and adjusted if appropriate. Management believes that its estimates of useful lives as given above, represents the period over which management expects to use these assets.

Amortisation on addition/ disposal is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready to use (disposed of).

Intangible assets under development

Identifiable intangible assets under development are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured. Intangible assets under development is measured at historical cost and not amortised. These assets are tested for impairment on annual basis.



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3.9 Impairment

Goodwill

Goodwill is tested for impairment on an annual basis or whenever there is an indication that goodwill may be impaired. For goodwill impairment testing, the carrying amount of the CGUs (including allocated goodwill) is compared with its recoverable amount by the Group. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of the future cash flows expected to be derived from the CGU. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU prorata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in the Consolidated Statement of Profit and Loss and is not reversed in the subsequent period.

Impairment of financial instruments

The Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments, and are measured at amortised cost, e.g., loans, debt securities, deposits, trade receivables and bank balance.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables and recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

For other financial assets, ECL are measured at an amount equal to the 12 month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as expense or income in the Consolidated Statement of Profit and Loss.

Impairment of non-financial assets

Non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of cash inflows of other assets or CGU's.

The recoverable amount of a CGU or an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU or asset.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment loss is recognised in the Consolidated Statement of Profit and Loss.

An impairment loss in respect of assets, other than goodwill, which has been recognised in prior years, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment has been recognised.

3.10 Non-current assets held for sale

Non-current assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value. Any resultant loss on a disposal group is allocated first to goodwill (if any), and then to remaining assets and liabilities on pro-rata basis, except that no loss is allocated to financial assets, deferred tax assets and employee benefit assets which continue to be measured in accordance with the Group's other accounting policy. Assets and liabilities classified as held for sale are presented separately in the balance sheet. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the Consolidated Statement of Profit and Loss.

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Once classified as held for sale, property, plant and equipment and intangible assets are no longer depreciated or amortised.

If the criteria for classifying assets to held for sale are no longer met, the Group cease to classify the assets as held for sale.

The Group measure non-current assets that ceases to be classified as held for sale at the lower of:

- its carrying amount before the assets were classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the assets not been classified as held for sale, and
- its recoverable amount at the date of the subsequent decision not to sell.

3.11 Projects work in progress

Projects work-in-progress represent direct cost incurred against rating and grading cases wherein work has been initiated but rating and grading is yet to be concluded and amount is expected to be recovered.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances with bank, short-term deposits and investments with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cashflows, cash and cash equivalent consists of cash on hand, balances with bank, short-term deposits and investments as stated above, net of outstanding bank overdrafts (if any).

3.13 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rate at the date of the transaction or an average rate if the average rate approximate the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Foreign currency operation

The assets and liabilities of foreign operations are translated in to Rupees, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated using an average exchange rate if the average rate approximates the actual rate at the date of transaction. All resulting exchange differences recognised in other comprehensive income.

The cumulative amount of the exchange differences is presented in a separate component of equity until disposal of the foreign operation. When the exchange differences relate to a foreign operation that is consolidated but not wholly-owned, accumulated exchange differences arising from translation and attributable to non-controlling interests are allocated to, and recognised as part of, non-controlling interests in the consolidated balance sheet.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity, shall be reclassified from equity to profit and loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.



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The items of consolidated cash flow statement are translated at the respective average rates (yearly for profit and loss related items and annual for Balance Sheet related items) or the exchange rate that approximates the actual exchange rate on date of specific transaction. The effect of changes in exchange rates on cash and cash equivalents held in a foreign currency is reported separately as part of the reconciliation of the changes in cash and cash equivalents during the period.

3.14 Employee benefits

Short term employee benefit

All employee benefits which are expected to be settled wholly before twelve months after the end of annual reporting period in which the employees render the related service are short term employee benefits. Short term employee benefit obligations are measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Defined contribution plan

Provident Fund is a defined contribution plan. The Indian entity of the Group makes specified monthly contributions towards government administered Provident Fund scheme and Employees' State Insurance. Obligation for contributions to defined contribution plan is recognised as an employee benefit expense in profit and loss in the period during which the related services are rendered by employees. The Group has no obligation, other than the contribution payable in the scheme.

Defined benefit plan

The Group's gratuity benefit plan is a defined benefit plan. The gratuity liability for employees of the Holding Company is funded through gratuity fund established as a Gratuity Trust. The Group's net obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value of economic benefits and the fair value of any plan assets is deducted.

The calculation of defined benefit obligation is performed as at the Balance Sheet date and determined based on actuarial valuation using the Projected Unit Credit Method by a qualified actuary. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirement.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on government securities as at the Balance Sheet date.

Remeasurements of the net defined liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The respective entity of the Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of annual period to the then-net defined benefit liability (asset), taking in to account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Consolidated Statement of Profit and Loss.

Other long-term employee benefits

Long term individual payout ('LTIP') plan and compensated absences are other long-term benefits provided by the Group.

The net obligation in respect of LTIP is the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value.

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The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by a qualified actuary as at the Balance Sheet date using Projected Unit Credit method on the additional amount expected to be paid/ availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense for non-accumulated compensated absences is recognised in the period in which absences occur.

3.15 Share based payments

The Group recognise compensation expense relating to share-based payments using fair value in accordance with Ind AS 102 'Share based payments'. The estimated fair value of awards is charged to income on a straight line basis over the service period for each separating vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account.

3.16 Leases

Effective April 1, 2019, the Group has applied Ind AS 116, 'Leases'. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Group has applied Ind AS 116 using the modified retrospective approach. As a result, the comparative information has not been restated.

The Group's lease asset classes primarily consist of leases for offices. The Group, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019.

Group as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense over the lease term.

The Group has applied the practical expedient to grandfather the definition of a lease on transition. This means that it has applied Ind AS 116 to all the contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

In the comparative period, operating lease payments are recognised as an expense in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.



ICRA Limited

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(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its operating nature.

Rental income arising from sub-leasing of office premises is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit and loss.

3.17 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cashflows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future losses are not provided for.

3.18 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

3.19 Income tax

Income tax comprises current and deferred tax. It is recognised in profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous year. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantially enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis, or simultaneously.

Deferred tax

Deferred tax is recognised for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statement. Deferred tax assets are also recognised in respect of unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Deferred tax assets and liabilities are measured using tax rate and tax laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect of change in tax rate on deferred tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

ICRA Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.20 Earnings per share

The basic earnings per share are calculated by dividing the net profit attributable to equity by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit attributable to equity during the year and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the year unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Anti dilutive effect of any potential equity shares is ignored in the calculation of diluted earnings per share.

3.21 Corporate social responsibility (CSR) expenditure

The Group charges its CSR expenditure during the year to the Consolidated Statement of Profit and Loss.

3.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

3.23 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Particulars	As at March 31, 2020	As at March 31, 2019
4 Property, plant and equipment		
4.1 The details of property, plant and equipment (net) is as follows:		
Buildings	2,358.71	2,490.30
Computers and data processing units	229.55	240.83
Furniture and fittings	122.97	175.99
Office equipment	55.66	71.11
Electrical installation and equipment	59.34	78.18
Vehicles	12.85	29.53
Leasehold improvements	119.19	144.79
Right-of-use assets - buildings	2,246.15	-
Right-of-use assets - furnitures	48.06	-
Total property, plant and equipment	5,252.48	3,230.73

Particulars	Buildings	Computers and data processing units	Furniture and fittings	Office equipment	Electrical installation and equipments	Vehicles	Leasehold improvements	Right-of-use assets - buildings	Right-of-use assets - furnitures	Total
4.2 Disclosures regarding gross block of property, plant and equipment, depreciation and net block are as given below:										
Gross carrying value										
As at April 1, 2018	2,861.60	529.26	303.60	161.74	180.63	114.69	270.42	-	-	4,421.94
Additions	-	190.01	68.18	37.45	6.30	-	26.35	-	-	328.29
Reclassification to assets held for sale	(20.00)	-	(16.05)	(0.31)	(11.56)	-	-	-	-	(47.92)
Disposals/adjustments	-	(11.06)	(15.25)	(5.17)	(2.35)	(19.24)	(15.49)	-	-	(68.56)
As at March 31, 2019	2,841.60	708.21	340.48	193.71	173.02	95.45	281.28	-	-	4,633.75
Transition impact on account of adoption of Ind AS 116	-	-	-	-	-	-	-	-	-	-
Additions	-	206.23	7.22	22.80	3.41	-	27.14	149.78	-	416.58
Disposals/adjustments	-	(25.22)	(24.48)	(18.90)	(1.75)	(31.94)	(11.55)	(1.12)	-	(114.96)
As at March 31, 2020	2,841.60	889.22	323.22	197.61	174.68	63.51	296.87	2,706.12	65.03	7,557.86
Depreciation										
As at April 1, 2018	214.42	313.22	124.63	79.15	72.48	61.85	94.12	-	-	959.87
For the year	139.86	157.05	57.88	47.17	31.02	16.54	50.83	-	-	500.35
Reclassification to assets held for sale	(2.98)	-	(9.84)	(0.26)	(7.10)	-	-	-	-	(20.18)
Disposals/adjustments	-	(2.89)	(8.18)	(3.46)	(1.56)	(12.47)	(8.46)	-	-	(37.02)
As at March 31, 2019	351.30	467.38	164.49	122.60	94.84	65.92	136.49	-	-	1,403.02
For the year	131.59	211.14	44.63	34.05	21.93	7.94	51.06	460.47	16.97	979.78
Disposals/adjustments	-	(18.85)	(8.87)	(14.70)	(1.43)	(23.20)	(9.87)	(0.50)	-	(77.42)
As at March 31, 2020	482.89	659.67	200.25	141.95	115.34	50.66	177.68	459.97	16.97	2,305.38
Net block										
As at March 31, 2020	2,358.71	229.55	122.97	55.66	59.34	12.85	119.19	2,246.15	48.06	5,252.48
As at March 31, 2019	2,490.30	240.83	175.99	71.11	78.18	29.53	144.79	-	-	3,230.73



ICRA Limited**Notes to the Consolidated Financial Statements for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
5 Other intangible assets		
5.1 The details of other intangible assets (net) are as follows:		
Computer software	40.43	18.25
Internally generated intangible assets	34.17	11.99
Total intangible assets	74.60	30.24
5.2 The details of intangible assets under development (net) are as follows:		
Intangible assets under development	204.19	140.21
Total	204.19	140.21
Particulars	Computer software	Internally generated intangible assets
5.3 Disclosures regarding gross block of other intangible assets, amortisation and net block are as given below:		
Gross carrying value		
As at April 1, 2018	269.87	187.83
Additions	12.94	8.97
Disposals/ adjustments	0.02	(16.35)
As at March 31, 2019	282.83	180.45
Additions	57.58	36.01
Disposals/ adjustments	(0.08)	-
As at March 31, 2020	340.33	216.46
Amortisation		
As at April 1, 2018	220.92	172.88
For the year	43.66	11.93
Disposals/ adjustments	-	(16.35)
As at March 31, 2019	264.58	168.46
For the year	35.40	13.83
Disposals/ adjustments	(0.08)	-
As at March 31, 2020	299.90	182.29
Net block		
As at March 31, 2020	40.43	34.17
As at March 31, 2019	18.25	11.99

**ICRA Limited****Notes to the Consolidated Financial Statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
6 Investments		
6.1 Non-current investments		
I. Quoted		
Investments carried at fair value through profit or loss		
a) Investment in equity instruments (fully paid up)		
CRISIL Limited	37.63	43.84
3000 equity shares [previous year 3000] of Re. 1 each		
Total (a)	37.63	43.84
b) Investment in mutual funds		
Axis Liquid Fund - Direct Growth	2,388.92	5,150.59
108373.86 units [previous year 248397.851] of Rs. 1000 each		
Kotak Money Market Scheme - Direct Plan - Growth	-	5,207.80
Nil units [previous year 168725.122] of Rs. 1000 each		
Total (b)	2,388.92	10,358.39
Total non-current investments (a+b)	2,426.55	10,402.23
6.2 Current investments		
I. Unquoted		
Investments carried at amortised cost		
a) Investment in corporate deposits		
Housing Development Finance Corporation Limited	7,969.99	7,747.76
Total current investments	7,969.99	7,747.76
Total investments	10,396.54	18,149.99
Summary of investments (Non-current + Current)		
Aggregate value of unquoted investments	7,969.99	7,747.76
Aggregate value of quoted investments	2,426.55	10,402.23
Investments carried at amortised cost	7,969.99	7,747.76
Investments carried at fair value through profit or loss	2,426.55	10,402.23

ICRA Limited**Notes to the Consolidated Financial Statements for the year ended March 31, 2020**
(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
7 Loans		
7.1 Non-current		
 Secured, considered good		
 Loans to staff		
To related parties (Refer note 36)	-	8.34
To parties other than related parties	20.58	38.99
 Unsecured, considered good		
Security deposits	424.85	395.81
 Total non-current loans	445.43	443.14
7.2 Current		
 Secured, considered good		
 Loans to staff		
To related parties (Refer note 36)	-	1.81
To parties other than related parties	20.54	10.04
 Unsecured, considered good		
Security deposits	15.52	41.94
 Total current loans	36.06	53.79
 Total loans	481.49	496.93
8 Other financial assets		
8.1 Non-current		
 Unsecured, considered good		
Bank deposits with maturity for more than twelve months from the reporting date	2,091.65	4,164.64
Interest accrued on fixed deposits	14.33	27.42
Earnest money deposits	0.90	1.09
 Total non-current other financial assets	2,106.88	4,193.15

**ICRA Limited****Notes to the Consolidated Financial Statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
8.2 Current		
Unsecured, considered good		
Unbilled revenue	1,109.63	273.38
Interest accrued on fixed deposits	2,259.68	2,009.79
Income accrued on investments	94.46	108.40
Advance paid to gratuity trust (Refer note 33 & 36)	-	7.51
Earnest money deposits	18.50	25.03
Receivable against government grant	607.69	513.39
Advances recoverable		
From parties other than related parties	5.85	11.76
Others		
Recoverable from related parties (Refer note 36)	4.82	6.49
Recoverable from other than related parties	71.32	339.83
Unsecured, considered doubtful		
Unbilled revenue- credit impaired	193.36	357.07
Recoverable from other than related parties- credit impaired	14.20	13.81
	4,379.51	3,666.46
Allowance for doubtful other financial assets	(207.56)	(370.88)
Total current other financial assets	4,171.95	3,295.58
Total other financial assets	6,278.83	7,488.73

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
9 Income tax		
The major components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are:		
9.1 Income tax recognised in the Consolidated Statement of Profit or Loss		
(i) Tax expense		
Current tax		
Income tax for current year	3,609.38	4,299.57
Income tax for earlier year	97.93	(20.77)
	3,707.31	4,278.80
(ii) Deferred tax		
Attributable to-		
Origination and reversal of temporary differences	(379.42)	338.13
Decrease/ increase in tax rate [#]	95.93	(7.68)
	(283.49)	330.45
Total tax expenses recognised in the Consolidated Statement of Profit and Loss	3,423.82	4,609.25

As per Taxation Laws (Amendment) Act, 2019, rate of tax is 22% plus applicable surcharge and cess for financial year 2019-20. Therefore, for financial year 2019-20, effective tax rate for the Company and its Indian subsidiaries is 25.168% (previous year 29.12%) and same is considered while calculating deferred tax assets/ liabilities as at March 31, 2020.

ICRA Limited**Notes to the Consolidated Financial Statements for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
9.2 Income tax recognised in other comprehensive income		
Net loss/(gain) on remeasurements of defined benefit liability/ asset	21.59	13.36
Income tax charged to other comprehensive income	21.59	13.36
Particulars	As at March 31, 2020	As at March 31, 2019
9.3 Aggregate current and deferred tax charge relating to items that are charged or credited directly to equity	-	155.73
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
9.4 Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate		
Accounting profit before tax	13,147.59	15,203.81
Tax using the Company's domestic tax rate 25.168% (previous year 29.12%)	3,308.85	4,427.35
Effect of:		
Decrease/ increase in tax rate [#]	95.93	(7.68)
Non-deductible expenses	92.05	169.81
Income tax for earlier year	97.93	(20.77)
Exempt income	(0.23)	3.45
Reversal/ creation of deferred tax liability on undistributed earnings of subsidiaries	(394.33)	310.43
Effect of utilisation of carried forward capital losses	(35.68)	(223.67)
Tax impact on sale of mutual funds *	203.47	(61.81)
Effect of higher tax rate in subsidiaries	55.73	11.36
Others	0.10	0.78
Total tax expense	3,423.82	4,609.25

As per Taxation Laws (Amendment) Act, 2019, rate of tax is 22% plus applicable surcharge and cess for financial year 2019-20. Therefore, for financial year 2019-20, effective tax rate for the Company and its Indian subsidiaries is 25.168% (previous year 29.12%) and same is considered while calculating deferred tax assets/ liabilities as at March 31, 2020.

* Represents mutual funds which were classified as long-term in earlier years but have been disposed off as short-term in the current year resulting in additional tax impact.

**ICRA Limited**

Particulars	As at March 31, 2020	As at March 31, 2019
9.5 Deferred tax assets (net)		
Deferred tax assets		
Lease liability	519.74	-
Provision for employees benefits	389.83	382.21
Provision for doubtful receivables	188.50	319.37
Property, plant and equipment (including intangible assets)	2.29	47.96
Provision for doubtful financial assets	1.45	1.48
Tax losses carried forward	50.13	172.05
Others	9.89	6.54
Total	1,161.83	929.61
Deferred tax liabilities		
Property, plant and equipment (including intangible assets)	469.50	26.11
Investments at fair value through profit or loss	50.13	172.05
Undistributed earnings of subsidiaries	-	394.33
Total	519.63	592.49
Total deferred tax assets (net)	642.20	337.12
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
9.6 Reconciliation of deferred tax assets/ (liabilities)		
Opening balance	337.12	345.29
Adjustment on adoption of Ind AS 115	-	42.79
Impact of recognition of deferred tax asset on amalgamation (Refer note 40)	-	155.73
Opening balance after adjustments	337.12	543.81
Tax (expense)/ income during the period recognised in consolidated statement of profit and loss	283.49	(330.45)
Tax (expense)/ income during the period recognised in other comprehensive income	21.59	13.36
Reduction in deferred tax liability on dividend payment by subsidiaries	-	110.40
Closing balance	642.20	337.12
Particulars	As at March 31, 2020	As at March 31, 2019
9.7 Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the respective entities can use the benefits therefrom.		
Capital losses	1,806.67	1,506.34
Business losses	130.62	157.64
Impairment loss on investments *	1,497.47	1,497.47
Deferred tax not recognised on temporary difference *	5.70	3.45
Total	3,440.46	3,164.90
Unrecognised tax effect	794.16	744.88

*The deductible temporary difference do not expire under current tax legislation.

ICRA Limited**Notes to the Consolidated Financial Statements for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
9.8 Expiry period of unutilised tax losses		
Financial Year 2023-24	136.32	161.09
Financial Year 2024-25	1,806.67	1,506.34
Total	1,942.99	1,667.43
10 Non-current tax assets		
Advance tax (net of provisions of respective tax jurisdiction to the extent permissible) [Refer note 28(b)]	1,178.75	1,204.73
Total tax assets	1,178.75	1,204.73
11 Other assets		
11.1 Non-current		
Unsecured, considered good		
Capital advances	-	8.89
Prepayments (Refer note 45)	83.47	387.45
Total non-current other assets	83.47	396.34
11.2 Current		
Prepayments (Refer note 45)	1,109.95	732.14
Balance with government authorities [Refer note 28(b)]	122.04	211.80
Projects work in progress	179.90	172.21
Total current other assets	1,411.89	1,116.15
Total other assets	1,495.36	1,512.49
12 Trade receivables		
Trade receivables considered good - Unsecured @	5,719.47	3,380.54
Trade receivables - credit impaired	547.15	730.93
	6,266.62	4,111.47
Allowance for doubtful trade receivables	(547.15)	(730.93)
Total trade receivables	5,719.47	3,380.54
@ Includes dues from related parties (Refer note 36)		
13 Cash and cash equivalents		
Cash on hand	3.81	3.18
Cheques on hand	-	6.85
Balances with banks		
In current accounts	1,593.57	2,157.72
In deposit accounts (with original maturity of three months or less)	23.44	274.40
Total cash and cash equivalents	1,620.82	2,442.15

**ICRA Limited****Notes to the Consolidated Financial Statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
14 Other bank balances		
Balance with banks		
In deposit accounts with original maturity for more than three months but less than twelve months from the reporting date	50,920.99	38,078.55
Earmarked balances with banks		
In unpaid dividend account	11.50	6.66
In margin money [#]	107.16	101.12
Deposits with maturity for more than three months and less than twelve months from the reporting date earmarked against bank guarantees	18.18	120.14
Total	51,057.83	38,306.47
# Represents deposits against bank guarantees.		

15 Equity share capital**Authorised**

15000000 (previous year 15000000) equity shares of Rs. 10/- each	1,500.00	1,500.00
	1,500.00	1,500.00

Issued, subscribed and fully paid up

9651231 equity shares (previous year 9651231 equity shares) of Rs. 10/- each fully paid up	965.12	965.12
Total	965.12	965.12

Particulars	As at March 31, 2020	
	Number of shares	Amount
15.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period		
Equity shares		
At the commencement and at the end of the year	9,651,231	965.12

Particulars	As at March 31, 2019	
	Number of shares	Amount
At the commencement of the year	9,903,280	990.33
Less: Buy back of equity shares (Refer note 39)	(252,049)	(25.21)
At the end of the year	9,651,231	965.12

15.2 Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. The dividend, if any, recommended by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

ICRA Limited**Notes to the Consolidated Financial Statements for the year ended March 31, 2020**
(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
15.3 Shares held by subsidiaries of the ultimate holding Company		
(Equity shares of Rs. 10 each fully paid-up)		
Moody's Investment Company India Private Limited		
Number of shares	3,055,900	3,055,900
% of total shares	31.66%	31.66%
Moody's Singapore Pte Limited		
Number of shares	1,949,722	1,949,722
% of total shares	20.20%	20.20%
15.4 Details of shareholders holding more than 5% shares in the Company:		
(Equity shares of Rs. 10 each fully paid-up)		
Moody's Investment Company India Private Limited		
Number of shares	3,055,900	3,055,900
% of total shares	31.66%	31.66%
Moody's Singapore Pte Limited		
Number of shares	1,949,722	1,949,722
% of total shares	20.20%	20.20%
Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life MNC Fund		
Number of shares	9,54,754	9,54,754
% of total shares	9.89%	9.89%
Life Insurance Corporation of India		
Number of shares	7,15,355	8,96,174
% of total shares	7.41%	9.29%
Pari Washington India Master Fund, Ltd.		
Number of shares	7,02,840	6,31,141
% of total shares	7.28%	6.54%
General Insurance Corporation of India		
Number of shares	4,77,418	5,22,999
% of total shares	4.95%	5.42%

**ICRA Limited****Notes to the Consolidated Financial Statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
16 Other equity		
Capital reserve	3,302.03	3,302.03
Capital redemption reserve	65.31	65.31
Treasury shares (Refer note 41)	(105.44)	(105.44)
General reserve	8,280.60	8,280.60
Foreign currency translation reserve	(5.58)	(6.86)
Other comprehensive income	(155.41)	(91.60)
Retained earnings	57,814.84	51,678.27
Total other equity	69,196.35	63,122.31

Nature of reserves**a) Capital reserve**

Capital reserve represents profit on sale of shares of the Company by ICRA Employees Welfare Trust ('ESOP Trust').

b) Capital redemption reserve

The Company has bought back equity shares and as per the provisions of the Companies Act, 2013, is required to create capital redemption reserve.

c) Treasury shares

The treasury shares of the Company is used to settle share options exercised by the employees.

d) General reserve

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to the consolidated statement of profit and loss.

e) Foreign Currency Translation Reserve

Exchange differences arising on translation of non integral operations and accumulated in separate reserve within equity. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity, shall be reclassified from equity to consolidated statement of profit and loss.

Particulars	As at March 31, 2020	As at March 31, 2019
17 Other financial liabilities		
17.1 Non-current		
Deposits for vehicles	-	20.45
Payable to employees	195.29	139.76
Lease liabilities	1,727.29	-
Total non-current other financial liabilities	1,922.58	160.21

ICRA Limited**Notes to the Consolidated Financial Statements for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
17.2 Current		
Unpaid dividends	11.50	6.66
Creditors for capital supplies and services	20.66	11.27
Due to related parties (Refer note 36)	10.36	8.41
Payable to employees	664.75	1,607.28
Deposits for vehicles	28.10	17.66
Lease liabilities	381.52	-
Other liabilities	46.87	67.90
Total current other financial liabilities	1,163.76	1,719.18
Total other financial liabilities	3,086.34	1,879.39
18 Provisions		
18.1 Non-current		
Provision for employee benefits		
Provisions for gratuity (Refer note 33)	410.29	343.66
Provision for compensated absence	298.18	245.98
Total non-current provisions	708.47	589.64
18.2 Current		
Provision for employee benefits		
Provisions for gratuity (Refer note 33)	80.94	58.14
Provision for compensated absence	183.24	181.29
Other employee benefits	1,989.76	2,371.47
Others		
Provision for pending litigations (Refer note 29 and 46)	75.00	100.00
Provision for service tax (Refer note 46)	15.91	15.91
Provision for onerous contracts (Refer note 46)	24.06	-
Total current provisions	2,368.91	2,726.81
Total provisions	3,077.38	3,316.45
19 Other liabilities		
19.1 Non-current		
Deferred finance income	-	0.27
Total non-current other liabilities	-	0.27
19.2 Current		
Unearned revenue (Refer note 44)	3,490.74	4,008.66
Advance from customers	1,740.21	1,420.04
Statutory dues	885.60	773.67
Deferred finance income	-	2.51
Total current other liabilities	6,116.55	6,204.88
Total other liabilities	6,116.55	6,205.15

**ICRA Limited****Notes to the Consolidated Financial Statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
20 Trade payables		
(A) Total outstanding dues of micro and small enterprises	11.39	6.35
(B) Total outstanding dues other than micro and small enterprises	1,540.87	1,040.01
Total trade payables	1,552.26	1,046.36
20.1 Based on the information available with the Group, some suppliers have been identified who are registered under The Micro, Small & Medium Enterprises Development Act, 2006 (MSMED), to whom the Group owes dues, but the same are not outstanding for more than 45 days as at reporting date. The information has been determined to the extent such parties have been identified on the basis of information available with the Group.		
The principal amount payable to suppliers at the year end	11.32	6.27
The amount of interest due on the remaining unpaid amount to the suppliers as at the year end	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED	0.07	0.08
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.07	0.08
The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of MSMED	-	-
21 Current tax liabilities (net)		
Provision for income tax (net of advance tax of respective tax jurisdiction to the extent permissible)	300.25	162.91
Total	300.25	162.91

ICRA Limited**Notes to the Consolidated Financial Statements for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
22 Revenue from operations		
Sale of services (Refer note 44)		
Rating, research and other services fees	21,194.76	23,193.10
Consulting fees	2,326.22	1,864.07
Outsourced and information services	7,868.09	7,020.47
Total sale of services	31,389.07	32,077.64
Other operating revenue		
Government grant*	513.79	464.94
Advances received from customers written back	178.91	195.97
Bad debts recovered	3.13	27.54
Others	23.94	39.91
Total other operating revenue	719.77	728.36
Total revenue from operations	32,108.84	32,806.00
* Government grants represents incentive under Service Export from India Scheme (SEIS) from Director General of Foreign Trade as per Foreign trade policy 2015-2020.		
23 Other income		
Interest income on fixed deposits	3,696.29	2,705.16
Interest income on investments	639.27	429.48
Other interest income	47.43	40.59
Gain on financial assets carried at FVTPL (net)	314.52	1,116.82
Foreign exchange gain (net)	72.11	51.80
Rental income (Refer note 36)	21.13	19.34
Profit on sale of property, plant and equipment (net)	-	58.06
Interest on income tax refunds	0.26	35.04
Miscellaneous income	5.74	23.28
Total other income	4,796.75	4,479.57
24 Employee benefit expenses		
Salaries, wages and bonus	14,874.73	14,859.01
Contribution to provident fund (Refer note 33)	640.48	591.47
Staff welfare expense	651.66	629.20
Total employee benefits expense	16,166.87	16,079.68
25 Finance costs		
Interest on lease liabilities	203.00	-
Other interest costs	1.47	7.48
Total finance costs	204.47	7.48

**ICRA Limited****Notes to the Consolidated Financial Statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
26 Depreciation and amortisation expense		
Depreciation of property, plant and equipment (Refer note 4)	979.78	500.35
Amortisation of intangible assets (Refer note 5)	49.23	55.59
Impairment of intangible assets under development	-	6.30
Total depreciation and amortisation expense	1,029.01	562.24
27 Other expenses		
Electricity and water	197.03	212.00
Rent (Refer note 45)	77.33	621.36
Repairs and maintenance	1,034.96	854.71
Insurance	23.42	24.45
Rates and taxes	81.11	133.65
Communication	277.61	279.11
Printing and stationery	65.75	71.72
Books and periodicals	93.21	85.91
Travelling and conveyance	627.76	669.01
Directors' sifting fees	45.92	28.13
Legal and professional charges	2,058.61	1,030.03
Conference and meeting	46.87	70.60
Sub-contracting	540.68	214.65
Advertisement	9.96	7.74
Auditor's remuneration and expenses (Refer note 35)	275.42	85.60
Technical services	30.01	22.12
Bad debts/ advances written off (net of provisions)	163.99	443.58
Corporate social responsibility (Refer note 30)	372.41	254.65
Fees and subscription	46.59	27.86
Remuneration to non executive directors	67.50	56.00
Recruitment	135.64	65.05
Loss on sale/ write off of property, plant and equipment (net)	19.17	-
Miscellaneous	66.70	174.43
Total other expenses	6,357.65	5,432.36

ICRA Limited**Notes to the Consolidated Financial Statements for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
28 Commitments and contingencies		
a) Commitments		
Estimated amount of contract remaining to be executed on capital account and not provided for (net of capital advances)	120.99	110.89
b) Contingent liabilities (to the extent not provided for):		
Income tax *	977.23	1,039.43
Service tax #	470.26	1,439.63
Other	12.09	24.89
Total	1,459.58	2,503.95

*Amount deposited under protest nil (previous year Rs. 11.00 lakh) against the income tax claims.

#Amount deposited under protest nil (previous year Rs. 55.00 lakh) against the service tax claims.

The Group is contesting the demand and the management including its tax advisors believe that its position will likely be upheld in the appellate process. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Group's financial position and results of operations.

The Supreme Court on February 28, 2019 had provided its judgement regarding inclusion of other allowances such as travel allowances, special allowances, etc within the expression 'basic wages' for the purpose of computation of contribution of provident fund under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. There are interpretive challenges on the application of the Supreme Court Judgement including the period from which judgment would apply, consequential implications on resigned employees etc. Further, various stakeholders have also filed representations with Provident fund authorities. All these factors raises significant uncertainty regarding the implementation of the Supreme Court Judgement. Owing to the aforesaid uncertainty and pending clarification from regulatory authorities in this regard, the Indian entities of the Group have not recognised provision for the provident fund contribution on the basis above mentioned order w.e.f. order date till March 31, 2019 as the impact was immaterial. However, April 1, 2019, the entities had started inclusion of such allowances within the expression of 'basic wages' for the purpose of computation of provident fund.

29 The Company is in the process of addressing certain ongoing matters.

First, in respect of an adjudication proceeding ("Adjudication Proceeding") initiated by the Securities and Exchange Board of India ("SEBI") in relation to the credit ratings assigned to one of the Company's customers and the customer's subsidiaries, SEBI issued an order imposing a penalty of Rs. 25 lakh under section 15HB of the SEBI Act, 1992 on the Company. Further, SEBI issued a Show Cause Notice ("SCN") for enhancement of penalty amount. The Company has filed an appeal challenging the adjudication order before the Securities Appellate Tribunal (the "SAT") and deposited the penalty amount of Rs. 25 lakh without prejudice to such appeal. The said appeal is pending before the SAT. The Company has made adequate provision in this regard. The Company has also been cooperating with government agencies and responding to their queries in relation to this matter.

Second, the Board of Directors ("Board") had appointed external experts to examine and report on anonymous representations making certain allegations against two former officials which were forwarded to the Company by SEBI ("Representations"). During the examination of the aforesaid Representations, certain counter allegations were made by one of the two former officials, for which the Board appointed a second set of external experts, to examine such allegations.



ICRA Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

The external experts examining the Representations have concluded their examination and the findings indicate that the conduct of the aforesaid officials was not in conformity with certain applicable regulations and Company policies relating to credit rating activities. The aforesaid officials are no longer in the employment of the Company.

The external experts have expressed that no evidence was found suggesting ex-facie that the ratings examined as part of the examination were inflated (i.e. were unsupported by ratings analysis). Further, as per external experts, this is subject to the limitation that the determination of whether or not any ratings are supported by ratings analysis, is a qualitative technical matter that was beyond the scope of the examination as the examination was not aimed at reviewing the appropriateness of rating opinions on merits.

The findings of the second set of external experts do not indicate any material deficiencies with applicable regulations and Company policies.

The findings of the external experts have been presented to the Board members. The Board is in the process of taking appropriate steps in the best interest of the Company and its various stakeholders with regard to the outcome of the examination.

Third, the Company directly received another anonymous representation during the year ended March 31, 2020 against certain of its existing officials and the examination thereof is in progress.

Fourth, the Company had received a letter from SEBI seeking comments on observations made in the interim report dated July 15, 2019 prepared by Grant Thornton India LLP, which was commissioned by the IL&FS group. The Company had submitted its responses to SEBI on such observations dated August 14, 2019. There has been no further development in this matter.

While the Company has made a provision for penalty on a best estimate basis with regards to the Adjudication Proceeding, the impact of uncertainties arising from the above matters is currently unascertainable. However, based on the legal opinions given by the reputed external counsels, the Company does not foresee an action from the regulator(s) that could adversely affect the functioning of the Company.

30 Corporate Social Responsibility expenditure

ICRA Limited and ICRA Analytics Limited constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Act, which requires a company, meeting the applicability threshold, to spend at least 2% of its average net profit for the immediately preceding three financial years on CSR activities. The expenditure incurred on activities which are specified in Schedule VII to the Act is as under:

- a) Gross amount required to be spent during the year ended March 31, 2020 was Rs. 276.15 lakh (previous year Rs. 254.65 lakh).
- b) Amount spent during the year ended:

Particulars	March 31, 2020		
	In cash	Yet to be paid cash	Total
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purposes other than (i) above*	372.41	-	372.41

* Pursuant to appeal letter no. 05/1/2020-CSR-MCA dated March 30, 2020 received from Ministry of Corporate Affairs, ICRA Limited and ICRA Analytics Limited contributed Rs. 100.00 lakh and Rs. 25.00 lakh to PM Cares Fund which resulted in to excess spent of Rs. 71.26 lakh and Rs. 24.62 lakh respectively from current year obligation and will be offset with next years obligation.

ICRA Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	March 31, 2019		
	In cash	Yet to be paid cash	Total
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	254.65	-	254.65

31 Earnings per share

a) Basic earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding. The calculations of profit attributable to equity holders, weighted average number of equity shares outstanding during the year and basic earnings per share are as follows:

Particulars	For the year ended March 31, 2020	For the year ended
		March 31, 2019
(i) Profit attributable to the equity holders		
Profit for the year, attributable to the equity holders	9,617.50	10,540.30
(ii) Weighted average number of equity shares		
Opening balance	9,651,231	9,903,280
Shares held by ESOP Trust	(31,950)	(40,683)
Effect of buy back of shares	-	(109,545)
Effect of stock options exercised	-	4,214
Weighted average number of equity shares for the year	9,619,281	9,757,266
(iii) Basic earnings per share (face value Rs. 10 per share)		
[(i) / (ii)]	99.98	108.03

b) Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the profit attributable to equity holders after adjustment for expense related to dilutive potential equity shares (if any) by the weighted average number of equity shares outstanding during the year after adjustment for the effect of all the dilutive potential equity shares into equity shares. The calculations of profit attributable to equity holders, equity shares outstanding during the year after adjustment for the effect of all the dilutive potential equity shares into equity shares and diluted earnings per share are as follows:

Particulars	For the year ended March 31, 2020	For the year ended
		March 31, 2019
(i) Profit attributable to the equity holders (diluted)		
Profit for the year, attributable to the equity holders (diluted)	9,617.50	10,540.30
(ii) Weighted average number of equity shares (diluted)		
Weighted average number of equity shares (basic)	9,619,281	9,757,266
Effect of dilution of share options	-	4,014
Weighted average number of equity shares (diluted)	9,619,281	9,761,280
(iii) Diluted earnings per share (face value INR 10 per share)		
[(i) / (ii)]	99.98	107.98

**ICRA Limited****Notes to the Consolidated Financial Statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
32 Dividend on equity shares		
Dividend on equity shares declared and paid during the year		
Final dividend of Rs. 30 per share for financial year 2018-19 (Rs. 30 per share for financial year 2017-18)	2,895.37	2,970.99
Dividend distribution tax *	595.15	500.29
Total	3,490.52	3,471.28
Proposed dividend on equity shares not recognised as liability		
Final dividend of Rs. 27 per share for financial year 2019-20 (Rs. 30 per share for financial year 2018-19)	2,605.83	2,895.37
Dividend distribution tax * #	-	595.15
Total	2,605.83	3,490.52

* Dividend distribution tax (net), comprises the dividend distribution tax on proposed dividend and the credit in respect of dividend distribution tax under Section 115-O of the Income-tax Act, 1961 on dividend paid/ proposed by the domestic subsidiary company.

Dividend distribution tax has been abolished with effect from April 1, 2020.

33 Employee benefits**a) Defined contribution plans**

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Employees' State Insurance Fund which are the defined contribution plans. The Group has no obligations other than to make the specified contributions. The contributions are charged to the Consolidated Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to these funds aggregating to Rs. 640.48 lakh for the year ended March 31, 2020 (previous year Rs. 591.47 lakh) and is included in "Employee benefits expense".

b) Defined benefit plans

The Group has a defined benefit gratuity plan, governed by the Payment of Gratuity Act, 1972. Plan entitles an employee, who has rendered at least five years of services, to gratuity at the rate of fifteen days salary for every completed year of service or part thereof in excess of six months, based on the rate of salary last drawn by the employee concern.

For Holding Company, the defined benefit plan for gratuity is administered by a single gratuity trust fund that is legally separate from the Company. The trustees of the gratuity fund comprises of four employees. The trustees of the gratuity fund are required to act in the best interests of the members and/or their beneficiaries in accordance with the provisions of trust deed.

This defined benefit plan expose the group to actuarial risks, such as interest rate risk and market (investment) risk.

ICRA Limited**Notes to the Consolidated Financial Statements for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)***(i) Reconciliation of the net defined benefit (asset) liability**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Changes in the present value of the defined benefit obligations		
Defined benefit obligations at the beginning of the year	1,390.13	1,226.48
Current service cost	155.55	143.77
Interest expense/ (income)	93.07	84.66
Benefits directly paid by the Group	(128.37)	(104.95)
Benefits paid from plan assets	-	(7.97)
Actuarial (gain)/ loss recognised in other comprehensive income		
- changes in demographic assumptions	15.98	-
- changes in financial assumptions	53.56	11.50
- experience adjustments	24.47	36.65
Defined benefit obligations at the end of the year	1,604.39	1,390.14
Changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	995.84	747.07
Contribution paid to the plan assets	40.00	200.00
Benefits paid	-	(7.97)
Interest income on plan assets	68.71	54.71
Actuarial gain/ (loss) on plan assets	8.61	2.04
Fair value of plan assets at the end of the year	1,113.16	995.85
Net defined benefit liability/ (asset)		
Provisions for gratuity	491.23	394.29
Non-current	410.29	343.66
Current	80.94	58.14
Total	491.23	401.80
Advance paid to gratuity trust		
Non-current	-	-
Current	-	7.51
Total	-	7.51
Net defined benefit liability/ (asset)		
	491.23	394.29

**ICRA Limited****Notes to the Consolidated Financial Statements for the year ended March 31, 2020**
(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)**(ii) Expense recognised in the Consolidated Statement of Profit and Loss**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Expense recognised in Consolidated Profit and Loss		
Current service cost	155.55	143.77
Net interest expense/ (income)	24.36	29.95
	179.91	173.72
Remeasurements recognised in Other Comprehensive Income		
Actuarial (gain)/ loss on defined benefit obligations	94.01	48.15
Return on plan assets excluding interest income	(8.61)	(2.04)
	85.40	46.11

(iii) Plan assets comprise of the following:

Particulars	As at March 31, 2020	As at March 31, 2019
Kotak Group Floating Rate Fund	375.29	349.48
Kotak Group Short Term Bond Fund	380.93	351.88
Kotak Secure Return Employee Benefit Plan	356.94	294.48
Total	1,113.16	995.84

(iv) Actuarial assumptions

Principal actuarial assumptions at the reporting date are as under:

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate	5.9% - 10%	6.7% - 7.5%
Future salary escalation rate		
- For first five years	6% - 10%	6% - 10%
- Thereafter	6% - 10%	6% - 10%
Withdrawal rate	12% - 21%	9% - 30%
Retirement age	60	60
Mortality rate	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Assumptions regarding future mortality are based on the published statistics and mortality tables. The calculation of the defined benefit obligation is sensitive to the mortality assumptions.

As at March 31, 2020, the weighted-average duration of the defined benefit obligation was 5 years (March 31, 2019: 5 years).

ICRA Limited**Notes to the Consolidated Financial Statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

(v) Sensitivity analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumption constant, would have affected the defined obligation by the amounts shown below:

Particulars	Sensitivity level		Impact on Defined benefit obligation	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Assumptions				
Discount rate				
Increase	0.5% -1%	0.5%	(37.69)	(31.19)
Decrease	0.5% -1%	0.5%	39.57	32.81
Future salary escalation rate				
Increase	0.5% -1%	0.5%	33.32	29.23
Decrease	0.5% -1%	0.5%	(32.32)	(27.94)
Withdrawal rate				
Increase	1% - 5%	0.5% - 5%	(14.41)	(5.19)
Decrease	1% - 5%	0.5% - 5%	12.46	0.22

The sensitivity results above determine their individual impact on defined benefit obligation at the end of year. In reality, the plan is subject to multiple external experience items which may move the defined benefit obligation in similar or opposite directions, while the plan's sensitivity to such changes can vary over time.

The following payments are expected in future years

Particulars	As at March 31, 2020
March 31, 2021	276.76
March 31, 2022	268.00
March 31, 2023	265.28
March 31, 2024	269.42
March 31, 2025	274.18
March 31, 2026 to March 31, 2030	1,125.73

34 Share based payment**A. Description of share based payment arrangement**

The Group's Employee Stock Option Schemes ("ESOSs") provide for the grant of stock options to eligible employees and whole time directors of the Company and its subsidiaries. The ESOSs are administered through ESOP Trust. The Trust transfers shares to the eligible employees upon exercise of the options by such employees.

The Group has two stock option schemes in place namely ESOS 2006 and ESOS 2018. The ESOS 2006 came in to force on June 27, 2006 and after completion of 10 years, expired on June 27, 2016 with a right to exercise the options by November 8, 2018.

During financial year 2018-19, the Group had introduced a new stock option scheme namely "ESOS 2018" effective from June 28, 2018. The grant price shall be as decided by the Nomination and Remuneration Committee ('N&RC') of the Company. The number of options and terms could vary at the discretion of the N&RC. Till March 31, 2020, no options have been granted under ESOS 2018.

**ICRA Limited****Notes to the Consolidated Financial Statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Summary of ESOS 2006 grants:

Type of arrangement	Tranche 1	Tranche 2
Date of grant	24-Mar-2007	09-Nov-2010
Number granted	6,15,763	2,72,500
Fair value of option	138	1,153
Exercise price per share	330	330
Contractual life from the date of vesting	5	5
Method used for valuation	Intrinsic value method	Intrinsic value method
Method of settlement	Equity shares	Equity shares

Under ESOS 2006 scheme, each option, upon vesting, entitles the holder to acquire one equity share of Rs. 10 each

Summary of vesting provisions under ESOS 2006 :

Vesting dates	% of options vested	Lock-in period
1 year from grant date	40	Nil
2 years from grant date	30	Nil
3 years from grant date	30	Nil

B. Reconciliation of outstanding share options

All the vested options against tranche-1 were exercised/ expired/ lapsed on or before April 1, 2016. Reconciliation of outstanding share options against tranche-2 is as under:

Particulars	As at March 31, 2020			As at March 31, 2019	
	Number of options	Weighted Average Exercise Price (Rs)		Number of options	Weighted Average Exercise Price (Rs)
Options outstanding at the beginning of the year	-	N.A.		8,951	330
Exercised during the year	-	N.A.	(8,733)		330
Options expired during the year	-	N.A.	(218)		330
Options outstanding at the end of the year	-	N.A.		-	-
Options exercisable at the end of the year	-	N.A.		-	-

The unissued shares lying as at March 31, 2020 is 31,950 (March 31, 2019: 31,950).

ICRA Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
35 Remuneration to Auditor (excluding goods and service tax)		
Audit fees	37.67	44.54
Additional audit fees *	201.96	-
Limited review fees	17.79	17.35
Tax audit fees	11.46	10.93
Other certification services fees	1.15	7.70
Reimbursement of expenses	5.39	5.08
Total	275.42	85.60

*Approved by the Board of Directors, based on the claim received from auditors towards incremental efforts incurred by them on the ongoing regulatory matters.

36 Related party transactions

A. List of related parties

a) Related parties and nature of related party relationships where control exists

Ultimate holding company

Moody's Corporation

Companies having substantial interest

Moody's Investment Company India Private Limited

Moody's Singapore Pte Limited

b) Related parties and nature of related party relationship with whom transactions have taken place during the year

i) Trusts

ICRA Limited Employees Group Gratuity Scheme

ii) Follow subsidiaries

Moody's Investors Service India Private Limited

Moody's Investors Service Inc.

MIS Quality Management Corp.

Moody's Investors Service Singapore Pte Limited

Moody's Investors Service Hong Kong Limited

Moody's Analytics Inc.

Moody's Investors Service Pty Limited

Moody's Asia Pacific Limited

MA Knowledge Services Research (India) Private Limited

(Till November 8, 2019)

Moody's Analytics UK Limited

**ICRA Limited****Notes to the Consolidated Financial Statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

c) Key management personnel

Mr. Naresh Takkar (Till September 28, 2019)

Mr. Vipul Agarwal

Mr. Amit Kumar Gupta

Mr. S. Shakeb Rahman

Independent directors

Mr. Arun Duggal

Ms. Ranjana Agarwal

Ms. Radhika Vijay Haribhakti

B. Transactions and balances with related parties

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	As at March 31, 2020	As at March 31, 2019
a) Related parties where control exists:				
<u>Ultimate Holding Company</u>				
1 Moody's Corporation				
Technical services received	14.02	12.90	-	-
Other financial liabilities - Due to related parties	-	-	5.57	0.53
<u>Companies having substantial interest</u>				
1 Moody's Investment Company India Private Limited				
Dividend paid	916.77	855.27	-	-
2 Moody's Singapore Pte Limited				
Dividend paid	584.92	646.42	-	-
b (i) Trusts				
1 ICRA Limited Employees Group Gratuity Scheme				
Amount contributed during the year	40.00	200.00	-	-
Amount settled by trust on behalf of the Company	-	7.97	-	-
Other financial assets - Advance paid to gratuity trust	-	-	-	7.51
b (ii) Fellow subsidiaries				
1 Moody's Investors Service India Private Limited				
Rental income	21.13	19.34	-	-
Reimbursement of expenses received/ receivable	4.47	3.53	-	-
Reimbursement of expenses paid/ payable	-	0.23	-	-
Other financial assets - Other recoverables	-	-	4.82	6.49

ICRA Limited**Notes to the Consolidated Financial Statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	As at March 31, 2020	As at March 31, 2019
2 Moody's Investors Service Inc.				
Revenue from outsourced and information services	5,216.88	4,802.58	-	-
Reimbursement of expenses paid/ payable	179.50	87.89	-	-
Other financial liabilities - Due to related parties			0.63	0.62
Trade receivables- Due from related parties			1,330.55	785.67
3 MIS Quality Management Corp.				
Trademark license fees	7.34	7.05	-	-
Other financial liabilities - Due to related parties	-	-	3.90	6.90
4 Moody's Investors Service Singapore Pte Limited				
Conference and meeting expense	-	3.35	-	-
5 Moody's Investors Service Hong Kong Limited				
Technical services received	1.18	2.91	-	-
Other financial liabilities - Due to related parties	-	-	0.26	0.25
6 Moody's Analytics Inc				
Professional services used	-	0.12	-	-
Revenue from outsourced and information services	1,414.60	1,112.04	-	-
Other financial liabilities - Due to related parties	-	-	-	0.11
Trade receivables- Due from related parties	-	-	349.38	156.49
7 Moody's Asia Pacific Limited				
Conference and meeting expense	-	4.34	-	-
8 MA Knowledge Services Research (India) Private Limited				
Professional services used	-	2.83	-	-
c) Key management personnel				
1 Mr. Naresh Takkar				
Managerial remuneration *	209.98	439.65	-	-
Interest received by the Company	0.18	0.51	-	-
Reimbursement of expenses paid	0.02	0.08	-	-
Dividend paid by the Company	12.60	12.60	-	-
Loan outstanding	-	-	-	10.15
Provisions - other employee benefits	-	-	147.48	128.14
Other financial liabilities - payable to employees	-	-	151.88	113.55

**ICRA Limited****Notes to the Consolidated Financial Statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	As at March 31, 2020	As at March 31, 2019
2 Mr. Vipul Agarwal				
Remuneration *	219.88	192.16	-	-
Reimbursement of expenses paid	0.01	0.34	-	-
Provisions - other employee benefits	-	-	-	35.54
Other financial liabilities - payable to employees	-	-	7.00	30.56
Trade payable	-	-	-	0.03
3 Mr. Amit Kumar Gupta				
Remuneration *	98.83	75.11	-	-
Reimbursement of expenses paid	0.04	0.44	-	-
Provisions - other employee benefits	-	-	-	9.00
Other financial liabilities - payable to employees	-	-	2.50	12.27
Trade payable	-	-	-	0.03
4 Mr. S. Shakeb Rahman				
Remuneration *	38.67	24.81	-	-
Reimbursement of expenses paid	-	0.03	-	-
Dividend paid by the Company	0.09	0.06	-	-
Provisions - other employee benefits	-	-	-	4.03
Other financial liabilities - payable to employees	-	-	2.33	7.52
5 Mr. Arun Duggal				
Remuneration to non executive directors	25.00	22.00	-	-
Sitting fees paid	11.20	6.20	-	-
Reimbursement of expenses paid	4.72	-	-	-
Trade payable	-	-	22.50	19.80
6 Ms. Ranjana Agarwal				
Remuneration to non executive directors	22.50	17.00	-	-
Sitting fees paid	20.05	12.80	-	-
Trade payable	-	-	20.50	15.30
7 Ms. Radhika Vijay Haribhakti				
Remuneration to non executive directors	20.00	17.00	-	-
Sitting fees paid	13.40	7.40	-	-
Reimbursement of expenses paid	0.04	-	-	-
Trade payable	-	-	18.00	15.30

*As the liabilities for gratuity and compensated absences are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the key management personnel is not included above.

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Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

37 Financial instruments

37.1 Financial instruments by category

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2020 and March 31, 2019:

a) Fair value of financial assets

Particulars	Carrying values		Fair values	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Financial assets measured at fair value through profit or loss				
Investment in equity shares	37.63	43.84	37.63	43.84
Investments in mutual funds	2,388.92	10,358.39	2,388.92	10,358.39
Total (A)	2,426.55	10,402.23	2,426.55	10,402.23
Financial assets measured at amortised cost				
Investment in corporate deposits	7,969.99	7,747.76	7,969.99	7,747.76
Loans	481.49	496.93	481.49	496.93
Trade receivables	5,719.47	3,380.54	5,719.47	3,380.54
Cash and cash equivalents	1,620.82	2,442.15	1,620.82	2,442.15
Other bank balances	51,057.83	38,306.47	51,057.83	38,306.47
Other financial assets	6,278.83	7,488.73	6,278.83	7,488.73
Total (B)	73,128.43	59,862.58	73,128.43	59,862.58
Total (A+B)	75,554.98	70,264.81	75,554.98	70,264.81

b) Fair value of financial liabilities

Particulars	Carrying values		Fair values	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Financial liabilities measured at amortised cost				
Trade payables	1,552.26	1,046.36	1,552.26	1,046.36
Others financial liabilities	3,086.34	1,879.39	3,086.34	1,879.39
Total	4,638.60	2,925.75	4,638.60	2,925.75

The fair value of the financial assets and liabilities represents amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of the quoted investments in equity shares and mutual funds are based on market price and net asset value (NAV) at the reporting date.
- For other financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Management has assessed that fair value of trade receivables, cash and cash equivalents, other bank balances, investments, trade payables, other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.



ICRA Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

37.2 Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

The categories used are as follows:

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Valuation techniques for which the lowest level input which has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3: Valuation techniques for which the lowest level input which has a significant effect on the fair value measurement is not based on observable market data.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for financial assets and liabilities as at March 31, 2020

Particulars	Level 1	Level 2	Level 3	Total
<u>Financial assets:</u>				
Financial assets measured at fair value through profit or loss				
Investment in equity shares	37.63	-	-	37.63
Investment in mutual funds	2,388.92	-	-	2,388.92
Total	2,426.55	-	-	2,426.55

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for financial assets and liabilities as at March 31, 2019

Particulars	Level 1	Level 2	Level 3	Total
<u>Financial assets:</u>				
Financial assets measured at fair value through profit or loss				
Investment in equity shares	43.84	-	-	43.84
Investment in mutual funds	10,358.39	-	-	10,358.39
Total	10,402.23	-	-	10,402.23

There have been no transfers between Level 1 and Level 2 during the period.

37.3 Financial risk management objectives and policies

Risk management framework

The Board has overall responsibility for establishing and governing the Group's risk management framework. The Board has delegated monitoring and reviewing of the risk management plan to the Risk Management Committee. The Group has constituted a Executive Risk Committee, a Risk management team and functional sub-committees which are responsible for identifying, analysing, mitigating and monitoring risks as per risk management framework. The primary risks and mitigation actions are also placed before Risk Management Committee and Board."

The Group is exposed to various risks in relation to financial instruments. The Group financial assets and liabilities are summarised in note 37.1. The main types of financial risks are market risk (price risk), credit risk and liquidity risk.

ICRA Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes may result from changes in foreign currency rate, interest rate, price and other market changes. The Group's exposure to market risk is mainly due to price risk.

Price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market. The Group has adopted disciplined practices including position sizing, diversification, valuation, loss prevention, due diligence and exit strategies in order to mitigate losses as defined in board approved investment policy.

The Group is exposed to price risk arising mainly from investment in equity shares and investment in mutual funds recognised at fair value through profit or loss. The detail of such investments are given in note 37.1. If the prices had been higher/ lower by 1% from the market prices existing as at the reporting date, profit would have been increased/ decreased by Rs. 24.27 lakh and Rs. 104.02 lakh for the year ended March 31, 2020 and March 31, 2019 respectively.

b) Credit risk

Credit risk is the risk of financial loss to the Group if customer or counterparty to financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customer and investment in mutual funds and deposits with banks.

To manage credit risk, the Group periodically review its receivables from customer for any non-recoverability of the dues, taking in to account the inputs from business development team and ageing of trade receivables. The management establishes an allowance for impairment that represents its expected credit losses in respect of trade and other financial assets. The management uses a simplified approach for the purpose of computation of expected credit loss. While computing expected credit loss, the management consider historical credit loss experience adjusted with forward looking information.

Movement in the expected credit loss allowance is as follow:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Loss allowance at the commencement of the year	1,101.81	1,038.55
Changes in loss allowance, net	(347.10)	63.26
Loss allowance at the end of the year	754.71	1,101.81

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficultly in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. For the Group, liquidity risk arises from obligations on account of financial liabilities - Trade payable and other financial liabilities.

Liquidity risk management

The Group continues to maintain adequate amount of liquidity to meet strategic and growth objectives. The Group's finance department is responsible for liquidity and fund management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through forecasts on the basis of expected cash flows.



ICRA Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

The table below summarises the maturity profile of the Group's financial liabilities are as under:

As at March 31, 2020	< 1 year	1 to 3 years	> 3 years	Total
Trade payables	1,551.99	0.27	-	1,552.26
Other financial liabilities	1,343.88	1,192.06	1,345.09	3,881.03
Total	2,895.87	1,192.33	1,345.09	5,433.29
As at March 31, 2019	< 1 year	1 to 3 years	> 3 years	Total
Trade payables	1,046.36	-	-	1,046.36
Other financial liabilities	1,927.19	307.82	-	2,235.01
Total	2,973.55	307.82	-	3,281.37

37.4 Capital Management

The primary objective of the Group's capital management is to maximise the shareholder value. Equity share capital and other equity are considered for the purpose of group's capital management. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issues new shares and raises money through borrowings.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

38 Transfer pricing

The Indian entities of the Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Indian entities of the Group have maintained adequate documentation for the international transactions entered into with the associated enterprises and expect such records to be in existence in accordance with the requirements of the law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the consolidated financial statements, particularly on the amount of tax expense and that of provision for taxation.

39 Buy back of shares

The Board of Directors of the Company in its meeting held on August 9, 2018 approved a proposal to buyback equity shares of the Company, for an aggregate amount not exceeding Rs 8,540 lakh (referred to as the "Maximum Buyback Size") from shareholders of the Company under the open market route in accordance with the provisions contained in the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 and the Companies Act, 2013 and rules made thereunder. The buyback process commenced on October 1, 2018 and closed on December 12, 2018. The Company utilised 99.9986% of Maximum Buyback Size authorised for buyback and bought back 252,049 equity shares resulted in total cash outflow of Rs. 8,539.88 lakh. In line with the requirement of the Companies Act 2013, an amount of Rs 5,173.82 lakh was utilized from the securities premium and an amount of Rs. 3,340.85 lakh was utilized from General Reserve for the buyback. Further, capital redemption reserve of Rs 25.21 lakh (representing the nominal value of the shares bought back) was created as an apportionment from the general reserve.

40 Merger of wholly-owned subsidiaries

The Scheme of Amalgamation ('Scheme') of ICRA Management Consulting Services Limited with ICRA Online Limited (both wholly owned subsidiaries of the Company) approved by the Board of Directors of the Company on August 9, 2018, was filed with the National Company Law Tribunal ('NCLT'), New Delhi and Kolkata. NCLT, New Delhi and Kolkata sanctioned the said Scheme and the orders were filed with the Registrar of Companies ("ROC"), Delhi and Kolkata on June 19, 2019 and November 15, 2019 respectively. Upon filing the order with the ROC, Kolkata, the scheme has become effective.

ICRA Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

The Group had given the accounting effect of the Scheme, as a common control business combination in accordance with Appendix C of Ind AS 103 'Business Combination'. The financial information in the consolidated financial statements in respect of previous year has been restated as if the business combination had occurred from the beginning of the previous year in the consolidated financial statements. W.e.f. February 7, 2020, the merged entity has been renamed as "ICRA Analytics Limited".

41 Treasury shares

Particulars	For the year ended		For the year ended	
	March 31, 2020	Amount	March 31, 2019	Amount
No. of Shares		No. of Shares		
Balance at the commencement of the year	31,950	105.44	40,683	134.25
Shares transferred to employees on exercise of stock options	-	-	(8,733)	(28.81)
Balance at the end of the year	31,950	105.44	31,950	105.44

Particulars	As at	As at March 31, 2019
	March 31, 2020	
Shares against vested options	-	-
Unissued shares (including shares against options expired or lapsed)	31,950	31,950
Total	31,950	31,950

42 Other comprehensive income

Particulars	For the year	For the year ended March 31, 2019
	ended March 31, 2020	
(i) Items that will not be reclassified to profit or (loss)		
Remeasurements of defined benefit liability/ (asset)	(85.40)	(46.11)
Income tax relating to items that will not be reclassified to profit or (loss)	21.59	13.36
(ii) Items that will be reclassified to profit or (loss)		
Exchange difference on translation of Foreign operations	1.28	(5.39)
Income tax relating to items that will be reclassified to profit or loss	-	-
Total other comprehensive income, net of tax (i+ii)	(62.53)	(38.14)

43 Following is the summary of changes in carrying amount of goodwill

Particulars	For the year	For the year ended March 31, 2019
	ended March 31, 2020	
Balance at the commencement and end of the year	122.53	122.53

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The goodwill is on account of the investment in subsidiaries as of March 31, 2020 and March 31, 2019 respectively.

**ICRA Limited****Notes to the Consolidated Financial Statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Allocation of goodwill by segments as of March 31, 2020 and March 31, 2019 is as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Outsourced and Information services	122.53	122.53

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to their underlying segment. The recoverable amount is determined based on value in use calculation, which uses future cash flow projections based on financial budgets and plans approved by the management and applicable discount rate.

Budgeted Projections are based on same expected gross margins throughout the period. The cash flows beyond five-year period have been extrapolated using a steady growth rate. As at March 31, 2020, the estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not triggered.

The management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

Following key assumptions were considered while performing Impairment testing

Budgeted Projections: The values assigned to the assumption reflect past experience and are consistent with the management's plans for focusing operations in these markets. The management believes that the planned market share growth per year for the next five years is reasonably achievable.

The values assigned to the key assumption are consistent with external sources of information.

44 Revenue disclosures**a) Revenue recognised in the current year**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of services		
Rating, research and other services		
Rating and grading fees	6,181.47	8,204.74
Surveillance fees	14,432.72	14,372.98
Research services fees	577.18	615.38
Others	3.39	-
Consulting fees		
Outsourced and information services		
Outsourced service fees	7,334.29	6,578.41
Information services fees	533.80	442.06
Total sale of services	31,389.07	32,077.64

ICRA Limited**Notes to the Consolidated Financial Statements for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)***b) Revenue recognised from last years' unearned revenue**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rating, research and other services fees		
Rating and grading fees	829.03	1,031.54
Surveillance fees	2,637.62	2,413.05
Research services fees	308.44	268.28
Other services fees	-	2.23
Consulting fees		
	94.11	107.94
Outsourced and information services		
Outsourced service fees	137.81	158.65
Total	4,007.01	3,981.69

c) Unearned revenue

Particulars	As at March 31, 2020	As at March 31, 2019
Revenue to be recognised in:		
FY 2019-20	-	3,980.48
FY 2020-21	3,479.02	1.65
FY 2021-22	1.24	-
Revenue to be recognised on completion of milestones	10.48	26.53
Total	3,490.74	4,008.66

45 Leases**A As a lessee**

a) The Group has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Group has applied Ind AS 116 using the modified retrospective approach. As a result, the comparative information has not been restated. In adopting Ind AS 116, the Group has applied the below practical expedients:

The entities of the Group has applied a single discount rate to their portfolio of leases with reasonably similar characteristics

The Group has treated the leases with remaining lease term of less than 12 months as if they were "short term leases"

The Group has not applied the requirements of Ind AS 116 for leases of low value assets

The Group has applied the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before April 1, 2019 and identified as leases in accordance with Ind AS 17.

b) The Group's significant lease arrangements are in respect of office premises. The lease term for these leases ranges between 11 months and 10 years which includes a lock-in period and in certain cases are renewable by mutual consent on mutually agreeable terms. These options are negotiated by management and aligned with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

c) The entities has discounted lease payments using the applicable incremental borrowing rate as at April 1, 2019, which ranges 10% - 11% for measuring the lease liability.

**ICRA Limited****Notes to the Consolidated Financial Statements for the year ended March 31, 2020**
(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)**d) The effect of adoption Ind AS 116 as at April 1 2019 (increase/(decrease)) is as follows:**

Particulars	Amount
Assets	
Right-of-use assets (included in property, plant and equipment)	2,622.49
Other assets - Prepayments	(357.11)
Total assets	2,265.38
Liabilities	
Financial liabilities - Lease liabilities (included in other financial liabilities)	2,265.38
Total liabilities	2,265.38

e) The effect of adoption Ind AS 116 on the Statement of Profit and Loss for the year ended March 31, 2020 is as follows:

Particulars	As reported	Impact of Ind AS 116 *	Comparable amount
Revenue from operations	32,108.84	-	32,108.84
Other income	4,796.75	-	4,796.75
Total income	36,905.59	-	36,905.59
Employee benefit expenses	16,166.87	-	16,166.87
Finance costs	204.47	203.00	1.47
Depreciation and amortisation expense	1,029.01	477.44	551.57
Other expenses	6,357.65	(514.85)	6,872.50
Total expenses	23,758.00	165.59	23,592.41
Profit before tax	13,147.59	(165.59)	13,313.18
Tax expense	3,423.82	(41.68)	3,465.50
Profit after tax	9,723.77	(123.91)	9,847.68
Total comprehensive income for the year	9,661.24	(123.91)	9,785.15
Earnings per share (Rs.)			
1) Basic	99.98	(1.28)	101.26
2) Diluted	99.98	(1.28)	101.26

* Positive amount represents increase and negative amount represents decrease.

f) Amount recognised in the statement of cash flows

Particulars	Comparable Amount
Payment of lease liabilities	(306.35)
Interest paid on lease liabilities	(203.00)
Payment of short term leases	(61.79)
Impact on the statement of cash flows for the year	(571.14)

ICRA Limited**Notes to the Consolidated Financial Statements for the year ended March 31, 2020***(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)*

g) The lease liabilities as at April 1, 2019 can be reconciled to the operating lease commitments as of March 31 2019 is as follows:

Particulars	Amount
Operating lease commitments as at March 31, 2019	969.14
Less: Commitments relating contracts which don't contain a lease	37.04
Operating lease commitments related to contracts which qualify as lease assets	932.10
Weighted average incremental borrowing rate as at April 1, 2019	10% - 11%
Discounted operating lease commitments as at April 1, 2019	818.83
Add: Lease payments relating to renewal periods not included in operating lease commitments as at March 31, 2019	1,446.55
Lease liabilities as at April 1, 2019	2,265.38

h) The contractual maturity of lease liabilities as on March 31, 2020 on an undiscounted basis is as follows:

Particulars	As at March 31, 2020
Not later than one year	490.20
Later than one year but not later than five years	1,003.74
Later than five years	1,345.09

i) The Company does not foresee significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

j) Lease disclosure for the year ended/ as at March 31, 2019:

The lease rental charged to Consolidated Statement of Profit and Loss:

Particulars	For the year ended March 31, 2019
Rent *	646.41

Future minimum lease payable under non-cancellable operating lease are as follows:

Particulars	As at March 31, 2019
Not later than one year	407.76
Later than one year but not later than five years	561.38

* Includes rental for parking space, guest house, office premises etc. which has been accounted in the respective heads.

B As a lessor

The Company has letout part of its owned and rented office premises under lease arrangement which are cancellable in nature but renewable on mutually agreeable terms. Lease rentals amounting to Rs. 21.13 lakh (previous year Rs. 19.34 lakh) have been recognised in the Statement of Profit and Loss.



ICRA Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

46 The movement of provisions are as under:

Particulars	Provision for pending litigations		Provision for service tax		Provision for onerous contracts	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Opening balance	100.00	-	15.91	15.91	-	-
Additions during the year	-	100.00	-	-	24.06	-
Utilised during the year	(25.00)	-	-	-	-	-
Closing balance	75.00	100.00	15.91	15.91	24.06	-

47 The lockdown imposed by the Central and most State Governments to contain the spread of COVID-19 has led to a steep decline in activity levels in the economy across sectors – manufacturing as well as service – that is expected to result in a sharp contraction in GDP of about 5%, as per ICRA's estimates, in financial year 2021. Fresh issuances from corporates, including finance companies, has been restricted to few entities which has impacted the fresh ratings business. This impact, however, has been mitigated to some extent by the spurt in rating opportunities due to issuances that got funded by the Reserve Bank of India's [RBI] Targeted Long-Term Repo Operations [TLTRO] which was a key step towards providing liquidity to corporates, and the refinancing opportunities that arose because of easing in monetary policy leading to fall in yields. Rating opportunities in the near term are going to depend, inter alia, on revival in economic activity, trajectory of interest rates and Government spending to revive manpower intensive sectors that in turn would spur consumption. Investment by private sector companies would additionally, depend on access to funding, as lenders as well as investors have turned risk averse. Further, no significant impact has been observed on Consulting and Outsourced & Information services.

In terms of operations, the Group is well geared to serve its clients and market participants without any disruption in the service levels. To mitigate any risk to employees, Group extended remote work for all employees across all locations and demonstrated its ability to provide seamless delivery of high-quality and timely services to its clients even during the lock-down.

In view of the pandemic relating to COVID-19, the Group has considered internal and external information and has performed an analysis based on current estimates on the entities capital and financial resources, profitability, liquidity position, assets, internal financial reporting and control, and demand for the entity's services. The Group is of the view that based on its present assessment this situation does not materially impact the entity's capital and financial resources. However, the actual impact of COVID-19 may differ from that estimated due to unforeseen circumstances and the entity's will continue to closely monitor any material changes to future economic conditions and consequential impact on its consolidated financial statements.

48 Segment information

The Group has determined following reporting segments based on the information reviewed by the Group's CODM.

- Rating, research and other services – Rating, grading and industry research services.
- Consulting services – Management consulting which includes risk management, financial advisory, outsourcing and policy advisory.
- Outsourced and Information services – financial information product and services and KPO services

The above business segments have been identified considering :

- the nature of products and services
- the differing risks and returns
- the internal organisation and management structure, and
- the internal financial reporting systems.

The CODM is responsible for allocating resources and assessing performance of the operating segments.

ICRA Limited**Notes to the Consolidated Financial Statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

(i) Segment wise revenues and results

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
External revenues		
Rating, research and other services	21,397.61	23,421.43
Consulting services	2,326.22	1,899.16
Outsourced and information services	8,385.01	7,485.41
Total external revenue	32,108.84	32,806.00
Inter-segment revenue		
Rating, research and other services	37.09	22.47
Consulting services	150.90	164.69
Outsourced and information services	163.70	79.38
Total Inter-segment revenue	351.69	266.54
Total revenue		
Rating, research and other services	21,434.70	23,443.90
Consulting services	2,477.12	2,063.85
Outsourced and information services	8,548.71	7,564.79
Total segment revenue	32,460.53	33,072.54
Less: Elimination of inter-segment revenue	(351.69)	(266.54)
Total revenue	32,108.84	32,806.00
Segment results		
Rating, research and other services	5,530.13	8,899.99
Consulting services	(195.48)	(569.12)
Outsourced and information services	3,260.05	2,593.08
Total profit before tax for reportable segments	8,594.70	10,923.95
Unallocated expenses	(39.39)	(193.68)
Interest expense	(204.47)	(7.48)
Other income	4,796.75	4,481.02
Provision for tax	(3,423.82)	(4,609.25)
Profit after tax	9,723.77	10,594.56

(ii) Segment wise capital employed

Particulars	As at March 31, 2020	As at March 31, 2019
Capital employed (Segment assets - Segment liabilities)		
Segment assets		
Rating, research and other services	7,974.59	4,561.17
Consulting services	1,747.34	1,155.13
Outsourced and information services	5,510.60	4,427.70
Total assets of reportable segments	15,232.53	10,144.00
Unallocable assets	69,320.30	66,726.60
Total assets	84,552.83	76,870.60

**ICRA Limited****Notes to the Consolidated Financial Statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Segment liabilities		
Rating, research and other services	11,242.62	10,384.20
Consulting services	1,004.93	847.75
Outsourced and information services	1,622.97	1,240.86
Total liabilities of reportable segments	13,870.52	12,472.81
Unallocable liabilities	262.26	137.45
Total liabilities	14,132.78	12,610.26
Total capital employed	70,420.05	64,260.34

(iii) Other information

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Capital expenditure during the year		
Rating, research and other services	320.25	270.85
Consulting services	86.67	59.69
Outsourced and information services	167.23	156.59
Depreciation		
Rating, research and other services	576.52	248.97
Consulting services	186.17	63.63
Outsourced and information services	266.32	249.64
Non cash expenses other than depreciation		
Rating, research and other services	214.14	136.96
Consulting services	0.11	306.16
Outsourced and information services	18.63	0.46
Interest income	4,382.99	3,175.23

(iv) Information about secondary segment- Geographical segment

In respect of secondary segment information, the Group has identified its geographical segments as:

- (a) Within India
- (b) Outside India

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from external customer by geographical market		
India	24,164.17	25,808.50
Outside India	7,944.67	6,997.50
Total	32,108.84	32,806.00
Non current assets *		
India	5,658.01	3,897.89
Outside India	79.26	22.16
Total	5,737.27	3,920.05

ICRA Limited**Notes to the Consolidated Financial Statements for the year ended March 31, 2020**

(All amounts in Rupees lakh, except share data, per share data and where otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
		For the year ended March 31, 2019
Capital expenditure		
India	539.92	485.14
Outside India	34.23	1.99
Total	574.15	487.13

* Non-current assets are excluding financial instruments, deferred tax assets and non-current tax assets.

49 Additional Information, as required under Schedule III to the Companies Act, 2013, of entities consolidated as Subsidiary:

Name of the entity	As at March 31, 2020							
	Net Assets (Total assets–Total liabilities)		Share in consolidated profit or (loss)		Share in consolidated Other comprehensive income		Share in consolidated total comprehensive income	
	As % of consolidated net assets	Amount	As % of Consolidated profit or (loss)	Amount	As % of Consolidated profit or (loss)	Amount	As % of Consolidated profit or (loss)	Amount
Parent								
ICRA Limited	83.03%	58,253.04	67.56%	6,497.98	86.10%	(53.84)	67.44%	6,444.14
Subsidiaries								
Indian								
ICRA Analytics Limited	14.75%	10,346.24	25.62%	2,463.86	16.57%	(10.36)	25.68%	2,453.50
Pragati Development Consulting Services Limited	0.17%	117.31	(0.07%)	(6.49)			(0.07%)	(6.49)
ICRA Employees welfare Trust	5.39%	3,779.24	1.91%	183.75			1.92%	183.75
Foreign								
PT. ICRA Indonesia	(0.01%)	(3.86)	(0.06%)	(5.37)			(0.06%)	(5.37)
ICRA Lanka Limited	0.16%	109.14	0.19%	18.60	(2.67%)	1.67	0.21%	20.27
ICRA Nepal Limited	0.75%	527.67	2.25%	216.87			2.27%	216.87
Non-controlling interest included in respective subsidiaries	(0.37%)	(258.58)	(1.10%)	(106.27)			(1.11%)	(106.27)
Eliminations	(3.87%)	(2,708.73)	3.70%	354.57			3.72%	354.57
Total	100.00%	70,161.47	100.00%	9,617.50	100.00%	(62.53)	100.00%	9,554.97

As per our report of even date attached

For and on behalf of the Board of Directors of **ICRA Limited**

For B S R & Co. LLP
Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

Shashank Agarwal
Partner

Membership No.: 095109

Place: Gurugram
Dated: July 14, 2020

Amit Kumar Gupta
*Whole-time Director &
General Counsel*
(DIN: 00352927)

Vipul Agarwal
*Interim Chief Operating Officer &
Group Chief Financial Officer*

Arun Duggal
Chairman
(DIN: 00024262)

S. Shakeb Rahman
Company Secretary

**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries**Part "A": Subsidiaries****(Information in respect of each subsidiary to be presented with amounts (Rupees in lakhs))**

S. No.	Name of Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total assets	Total Liabilities	Investments	Turnover*	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of shareholding
1	ICRA Analytics Limited (erstwhile ICRA Online limited)		995.15 9351.09 13131.27	2785.03				10795.16	3368.06	904.20	2463.86		100% owned by ICRA Limited	
2	PT. ICRA Indonesia	December 31	"Balance Sheet : (1 INR = 194.5833 IDR) Profit loss (1 INR= 200.8543 IDR)"	1510.66 (1514.52)	1.01	4.87			(1.10)	4.27	(5.37)		90% owned by ICRA Limited	
3	ICRA Lanka Limited		"Balance Sheet : (1 INR = 2.5038 LKR) Profit loss (1 INR= 2.5378 LKR)"	256.59 (147.45)	170.84	61.70		149.42	18.60		18.60		100% owned by ICRA Limited	
4	ICRA Nepal Limited	Mid of July	1 INR = NPR 1.6015	124.88	402.79	1267.24	739.57		507.02	289.17	72.30	216.87	42.07	51% owned by ICRA Limited
5	Pragati Development Consulting Services Limited			5.00	112.31	135.76	18.45		103.60	(5.98)	0.51	(6.49)		100% owned by ICRA Analytics Limited (erstwhile ICRA Online limited)
6	ICRA Employees Welfare Trust				2.00	3777.23	4220.25	441.02	105.44**		315.30	131.55	183.75	Note 4

Notes:

- Names of subsidiaries which are yet to commence operations :Nil
- Names of subsidiaries which have been liquidated or sold during the year :Nil
- The financial statements are as on March 31, 2020
- ICRA Limited has established ICRA Employees Welfare Trust ("Trust") . The object of the Trust is defined in the trust deed. The Trust holds 31,950 equity shares of ICRA Limited, as on March 31, 2020.

*Including other operating income

**Investments in equity shares of ICRA Limited

ICRA Limited

Notice

Notice is hereby given that the **Twenty-Ninth** Annual General Meeting of the Members of **ICRA Limited** (the **"Company"**) will be held on Wednesday, the 23rd day of September, 2020, at 4:00 p.m. (IST) through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM"), to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt:
 - a. the audited standalone financial statements of the Company for the financial year ended March 31, 2020 and the report of the Board of Directors and Auditors thereon; and
 - b. the audited consolidated financial statements of the Company and its Subsidiaries for the financial year ended March 31, 2020 and the report of the Auditors thereon.
2. To declare dividend on the equity shares for the financial year ended March 31, 2020.
3. To appoint a Director in place of Mr. Thomas John Keller Jr. (DIN: 00194502), who retires by rotation, and being eligible, offers himself for reappointment.

SPECIAL BUSINESS

4. To appoint Mr. Michael Foley as a Non-Executive and Non-Independent Director of the Company 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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, Mr. Michael Foley (DIN: 08583960) who was appointed as an Additional Director with effect from October 25, 2019 by the Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, and who holds the office till the date of ensuing Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, be and is hereby appointed as Non-Executive and Non-Independent Director of the Company, liable to retire by rotation.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary and incidental to give effect to the aforesaid resolution and delegate the aforesaid powers to any Director or Officer of the Company as may be deemed necessary in the best interest of the Company."

5. To appoint Mr. Amit Kumar Gupta as a Whole-time Director of the Company 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 provision of section 152 and other applicable provision of Companies Act, 2013 and the Rules framed thereunder, as amended from time to time Mr. Amit Kumar Gupta (DIN: 00352927) who was appointed as an Additional Director with effect from February 7, 2020 by the Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, and who holds the office till the date of the ensuing annual general meeting of the Company, in terms of Sections 161 and other applicable provisions, if any, of the Companies Act, 2013, the Rules framed thereunder and the Articles of Association of the Company be and is hereby appointed as Director of the Company, not liable to retire by rotation.

"RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V to the Companies Act 2013, and the Rules framed thereunder, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Amit Kumar Gupta (DIN: 00352927), be and is hereby appointed as Whole-time Director of the Company for a period of one year, effective from February 7, 2020, as approved by the Board of Directors based on the recommendation of Nomination and Remuneration Committee and Audit Committee, on the terms and conditions including those relating to remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting.



"RESOLVED FURTHER THAT the Company hereby approves the payment of a one-time special bonus of Rs. 12 lakh for the financial year 2020-21 to Mr. Amit Kumar Gupta, provided he continue with the Company as on the date of payment and the payment is within the limit specified under the Companies Act, 2013.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary and incidental to give effect to the aforesaid resolution and delegate the aforesaid powers to any Director or Officer of the Company as may be deemed necessary in the best interest of the Company."

6. To appoint Mr. N. Sivaraman (DIN: 00001747) as a Managing Director & CEO of the Company and as CEO of ICRA Group and 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 provision of section 152 and other applicable provision of Companies Act, 2013 ("the Act") and the Rules framed thereunder, as amended from time to time Mr. N. Sivaraman (DIN: 00001747) who was appointed as an Additional Director with effect from August 10, 2020 by the Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, and who holds the office till the date of the ensuing annual general meeting of the Company, in terms of Sections 161 and other applicable provisions, if any, of the Companies Act, 2013, the Rules framed thereunder and the Articles of Association of the Company be and is hereby appointed as Director of the Company, not liable to retire by rotation.

"RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V to the Companies Act 2013, and the Rules framed thereunder, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. N. Sivaraman (DIN: 00001747), be and is hereby appointed as Managing Director & CEO of the Company and CEO of ICRA Group, designated as "Managing Director & Group CEO", for a period of three years, effective from August 10, 2020, as approved by the Board of Directors and the Nomination and Remuneration Committee, on the terms and conditions including those relating to remuneration as set out in the Explanatory Statement annexed hereto and which forms a part of this Notice, and such remuneration, as minimum remuneration in case the Company has no profits or the profits of the Company are inadequate during period of three years, effective from August 10, 2020, notwithstanding that such remuneration may exceed the limits specified under Section 197 and Schedule V of the Companies Act, 2013.

"RESOLVED FURTHER THAT the appointment letter, 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. N. Sivaraman.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary and incidental to give effect to the aforesaid resolution and delegate the aforesaid powers to any Director or Officer of the Company as may be deemed necessary in the best interest of the Company."

By Order of the Board of Directors
For ICRA Limited

(S. Shakeb Rahman)
Company Secretary & Compliance Officer
F7854

Place: Gurugram

Date: July 28, 2020

CIN: L74999DL1991PLC042749

Registered Office:

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

Telephone No.: +91.11.23357940-45

Website: www.icra.in

Email ID: investors@icraindia.com

ICRA Limited

Notes:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (the "Act"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and MCA Circulars, the 29th AGM of the Company is being held through VC / OAVM. Hence, Members can attend and participate in the 29th AGM through VC/OAVM.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the 29th AGM is entitled to appoint a proxy to attend the said meeting and vote on her /his behalf, and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with.
3. Pursuant to the MCA Circular, the facility to appoint proxy to attend and cast vote for the Members is not available for this AGM, hence the Proxy Form and Attendance Slip are not annexed to this Notice. In pursuance of Section 112 and Section 113 of the Act, representatives of the Members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through E-voting.
4. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. The facility of participation at the 29th AGM through VC/OAVM will be made available to at least 1,000 Members on first come first served basis. This will not include large shareholders (Members holding 2% or more shares), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the 29th AGM without restriction on account of first come first served basis.
5. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. Institutional/Corporate Members (i.e. other than individuals/Hindu Undivided Family ("HUF"), Non-Resident Indian ("NRI"), etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC/OAVM on its behalf and to vote through remote E-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to asa.corporateadvisors@gmail.com with a copy marked to evoting@nsdl.co.in.
7. The explanatory statements pursuant to Section 102 of the Act, in respect of Special Business proposed under item nos. 4, 5 and 6 above, are annexed hereto and form a part of this Notice.
8. Members holding shares in the physical form are requested to send the advice about any change in their registered address or bank particulars, 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.
9. In compliance with the MCA Circulars and the Securities and Exchange Board of India ("SEBI") Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company's Registrar and Share Transfer Agent/Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website viz. www.icra.in, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The Notice of the AGM will also be disseminated on the website of NSDL at www.evoting.nsdl.com.
10. Members are requested to update (in case of change)/register, at the earliest, their email IDs with their Depository Participants in case the shares are held in the electronic form or the Registrar and Share Transfer Agent of the Company, Link Intime India Private Limited, in case the shares are held in the physical form. The Company will continue to send the said documents in



the physical form to such Members whose email IDs are not available with the Company and to those who request delivery of the said documents in the physical form.

11. Pursuant to Section 123(5) of the Companies Act, 2013, and Regulation 12 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, regarding use of electronic payment modes for making payments to investors, Members are requested to update their bank account and latest address details with their respective Depository Participants (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. Your Company provides Direct Credit (DC), Real Time Gross Settlement (RTGS), National Electronic Clearing Service (NECS) for payment of Dividend. Through DC/RTGS/NECS, 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 recommended that Members opt for DC/RTGS/NECS, if not done already. Members may kindly note that DC/RTGS/NECS details are accessed from the Depositories (for shares held in the electronic form) and from the Company's Registrar and Share Transfer Agent (for shares held in the physical form) and used for payment of dividend.
12. Members desiring any information on the accounts of the Company are requested to write to the Company at least 10 (ten) days prior to the date of the Annual General Meeting to enable the Company to keep the information ready.
13. 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 for the financial year ended March 31, 2020 are available on the website www.icra.in under Investors section. The annual accounts shall also be available for inspection by any Member at the Registered Office of the Company.
14. In all correspondence with the Company or with its Share Transfer Agent, Members are requested to quote their Client ID Number and their DP ID Number if the shares are held in the dematerialised form; in case the shares are held in the physical form, they must quote their folio number.
15. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, September 18, 2020 to Tuesday, September 22, 2020 (both days inclusive) for determining the names of Members eligible to receive the dividend declared, if any, on the equity shares of the Company.
16. If the Members 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 Thursday, September 17, 2020 ("Record Date"), and to all those Members whose names appear as beneficial owners as per the details furnished by National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") on the close of business hours as on that date.
17. Those Members who have not yet encashed/claimed the dividend of the Company for any/all of the financial years, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 are requested to encash/claim the same immediately. In terms of Section 124(5) of the Companies Act, 2013, 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".

The details of the un-encashed/unclaimed dividend for the Financial Years 2012-13 to 2018-19 as on March 31, 2020 are as under:

Dividend for the financial year	Unclaimed/Unpaid Dividend as on March 31, 2020 (Rs.)	Due date of transfer to Investor Education and Protection Fund
2012-13	1,39,304	September 8, 2020
2013-14	1,56,515	September 19, 2021
2014-15	2,12,616	September 15, 2022
2015-16	1,12,625.22	September 12, 2023
2016-17	1,01,276.83	September 5, 2024
2017-18	2,27,009.74	September 12, 2025
2018-19	2,00,790	November 11, 2026

ICRA Limited

Pursuant to Section 124(6) of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and its amendment Rules, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company in the demat account of Investor Education and Protection Fund ("IEPF") Authority within a period of thirty days of such shares becoming due to be transferred to the IEPF as per the procedure mentioned in the said Rules.

18. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of Members w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to Members at the prescribed rates. For the prescribed rates for various categories, the Members are requested to refer to the Finance Act, 2020 and amendments thereof. The Members are requested to update their PAN with the Registrar and Share Transfer Agent of the Company, Link Intime India Private Limited (in case of shares held in physical mode) and Depositories (in case of shares held in demat mode).
19. A resident individual Member with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to delhi@linkintime.co.in by 11:59 p.m. IST on September 17, 2020. Members are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.
20. Non-resident Members can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to delhi@linkintime.co.in. The aforesaid declarations and documents need to be submitted by the Members by 11:59 p.m. IST on September 17, 2020.

21. Voting through electronic means

1. In compliance with Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Listing Regulations, the Company is pleased to offer electronic voting ("E-voting") facility to the Members to cast their votes electronically on all resolutions set forth in the Notice convening the 29th AGM of the Company. The Company has engaged the services of NSDL to provide E-voting facility. The facility of casting votes by the Member using remote E-voting as well as the E-voting system on the date of the AGM will be provided by NSDL.
 - I. The E-voting facility is available at the link <https://www.evoting.nsdl.com>.
 - II. The E-voting Event Number (EVEN) is as under:

EVEN	113478
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III. The E-voting facility will be available during the following voting period:

Commencement of E-voting	End of E-voting
Sunday, September 20, 2020 (9:00 a.m. IST)	Tuesday, September 22, 2020 (5:00 p.m. IST)

IV. The instructions for E-voting are as under:

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:



Step 1 : Log-in to NSDL E-voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL E-voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL E-voting website?

1. Visit the E-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of E-voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on E-voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

1. Your password details are given below:

- a) If you are already registered for E-voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL E-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered

ICRA Limited

1. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Click on "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
2. After entering your password, click on Agree to "Terms and Conditions" by selecting on the check box.
3. Now, you will have to click on "Login" button.
4. After you click on the "Login" button, Home page of E-voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL E-voting system?

1. After successful login at Step 1, you will be able to see the Home page of E-voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for E-voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Members

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to asa.corporateadvisors@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in.



V. The instructions for E-voting during the AGM are as under:

- (i) The procedure for E-voting on the day of the AGM is same as the instructions mentioned above for remote E-voting.
- (ii) Only those Members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the resolutions through remote E-voting and are otherwise not barred from doing so, shall be eligible to vote through E-voting system in the AGM.
- (iii) Members who have voted through remote E-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- (iv) The members can opt for only one mode of voting i.e. remote E-voting or e-voting at the AGM. In case of voting by both the modes, vote cast through remote E-voting will be considered final and E-voting at AGM will not be considered.
- (v) In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (vi) The details of the person who may be contacted for any grievances connected with the facility for E-voting on the day of the AGM shall be the same person mentioned for remote E-voting.

VI. Process for obtaining login credentials by Members whose email addresses are not registered with Depositories:

- (i) In case shares are held in physical form please provide folio no., name of the Member, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAAR (self attested scanned copy of Aadhaar Card) by email to the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited at delhi@linkintime.co.in.
- (ii) In case shares are held in dematerialised form, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), name, client master or copy of consolidated account statement, PAN (self attested scanned copy of PAN card), AADHAAR (self attested scanned copy of Aadhaar Card) to delhi@linkintime.co.in.
- (iii) The Company's Registrar and Share Transfer Agent, Link Intime India Private Limited shall co-ordinate with the NSDL and provide the login credentials to the Members.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and E-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to (Name of NSDL Official) at evoting@nsdl.co.in.

- VII. The E-voting period commences on September 20, 2020 (9:00 a.m. IST) and ends on September 22, 2020 (5:00 p.m. IST). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as at close of business hours on Thursday, September 17, 2020 ('cut-off date'), may cast their vote electronically. The E-voting module shall also be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- VIII. The voting rights of Members shall be in proportion to the paid up value of their shares in the equity share capital of the Company as on, as on close of business hours on Thursday September 17, 2020 ('cut-off date').
- IX. Since the Company is required to provide Members a facility to exercise their right to vote by electronic means, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of September 17, 2020 and not casting their through remote E-voting, may only cast their vote during the AGM.
- X. Mr. Sachin Agarwal (Membership No. FCS 7715), Proprietor of M/s A. Sachin & Associates, Company Secretaries, Mobile No. 9871790055 e-mail Id: asa.corporateadvisors@gmail.com, has been appointed as the Scrutinizer to scrutinize the E-voting during the AGM and remote E-voting process in a fair and transparent manner.

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- XI. The Scrutinizer, after scrutinizing the voting through E-voting / remote E-voting at AGM and through remote E-voting shall within Forty Eight (48) Hours from the conclusion of the AGM , and make a consolidated Scrutinizer's Report of the votes cast in favour of or against, if any, forthwith submit the same to the Chairman of the meeting or a person authorised by him. The Chairman or the authorized person shall declare the results forthwith.
- XII. The results declared along with the Scrutinizer's Report immediately shall be placed on the Company's website www.icra.in and on the website of NSDL and shall also be displayed on the notice board at the registered and corporate office of the Company and simultaneously be communicated to the BSE Limited and the National Stock Exchange of India Limited. The resolutions will be deemed to be passed on the date of AGM subject to receipt of the requisite number of votes in favour of the resolutions.

22. Instruction for Members attending AGM through VC/OAVM

- I. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL E-voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote E-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of the Company will be displayed. Please note that the Members who do not have the User ID and Password for E-voting or have forgotten the User ID and Password may retrieve the same by following the remote E-voting instructions mentioned in the Notice to avoid last minute rush. Further, Members can also use the OTP based login for logging into the E-voting system of NSDL.
- II. Members are encouraged to join the AGM through laptops for better experience.
- III. Further Members will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting.
- IV. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable wi-fi or local area network (LAN) connection to mitigate any kind of aforesaid glitches.
- V. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at investors@icraindia.com.
- VI. Members who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at investors@icraindia.com. The same will be replied by the Company suitably.
- VII. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

23. Since the AGM will be held through VC/OAVM, the route map is not annexed to this Notice.

24. All documents referred to in the accompanying Notice will be available for inspection at the Registered Office of the Company during office hours on all working days up to the date of declaration of the result of the 29th Annual General Meeting of the Company and also at the AGM. The Register of Directors and Key Managerial Personnel and their shareholding, Register of Contracts or Arrangements in which Directors are interested including certificate from the Auditors of the Company under Regulation 13 of SEBI (Share Based Employee Benefits) Regulations, 2014, if any shall be available electronically for inspection by the Members during the AGM and during office hours on all working days up to the date of AGM. For any further update, please refer Investors section of the Company's website, www.icra.in.



Explanatory Statement

(Pursuant to Section 102 of the Companies Act, 2013)

Item No. 4

Mr. Michael Foley is an Additional Director of the Company under the category Non-Independent and Non-Executive Director.

Mr. Foley, Managing Director, Global Financial Institutions, is responsible for Moody's Banking, Insurance and Managed Investment rating businesses in the Americas, EMEA and Asia. Mr. Foley joined Moody's from the Board of Governors of the Federal Reserve in Washington, D.C. where he was the Senior Associate Director of Banking Supervision and Regulation from 2008 until 2012. While at the Federal Reserve, he managed a group responsible for the supervision of large, complex domestic and foreign banking organizations regulated by the Federal Reserve.

Prior to his role at the Federal Reserve, Mr. Foley spent 14 years at Moody's in a number of roles. His last position, in 2007, was Managing Director, Fundamental Business Management. From 2002 to 2006, Mr. Foley was Managing Director, Regional Head for EMEA, where he had responsibility for Moody's offices in Europe, as well as for Moody's affiliate relationships, and matrix responsibility for EMEA ratings and research activities. From 1997 to 2001, Mr. Foley was a Managing Director in Corporate Finance managing ratings for telecom, media and technologies, energy, utilities, healthcare and basic industries. He was also a Managing Director in Finance, Securities and Insurance from 1996 to 1997 and a Vice President in the Financial Institutions Group from 1993 to 1996.

Before Moody's, Mr. Foley worked at KPMG Peat Marwick and the Federal Reserve in Washington, D.C.

The Board of Directors of the Company appointed Mr. Foley as an Additional Director, effective from October 25, 2019. As per the provisions of Section 161 of the Companies Act, 2013, Mr. Foley holds office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director liable to retire by rotation. Mr. Foley is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013. Mr. Foley is not debarred from holding the office of Director by virtue of any SEBI order or any other such authority.

The Nomination and Remuneration Committee of your Company has considered the candidature of Mr. Foley, and recommended the appointment as a Director of the Company, liable to retire by rotation.

With Mr. Foley joining as Director, the Company would be benefited from his extensive experience and expertise.

Mr. Foley does not hold any shares in the Company. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Mr. Foley, is in any way concerned or interested in this Resolution. Details regarding Mr. Foley have been presented in the Annexure-B to the accompanying Notice.

The Board of Directors of your Company is of the opinion that the appointment of Mr. Foley would be beneficial to the Company and hence recommends the Ordinary Resolution as set out at Item no. 4 for approval of the Members of the Company.

Item No. 5

Mr. Amit Kumar Gupta is a Whole-time Director and General Counsel of ICRA Limited.

Mr. Gupta joined ICRA in 2015. He has over 20 years of diverse industry experience mostly insurance and financial services. Prior to joining ICRA, Mr. Gupta worked at Ameriprise Financials, Aviva Life Insurance, Sanlam Investment and Bajaj Allianz managing various responsibilities in the similar domain.

Mr. Gupta is on the Boards of ICRA Lanka Limited and ICRA Nepal Limited.

The Board of Directors of the Company in its meeting held on February 6, 2020 appointed Mr. Amit Kumar Gupta as an Additional Director and as a Whole-time Director, for a tenure of one year, effective from February 7, 2020, subject to approval of the Members of the Company.

The Board of Directors in the said meeting also approved the remuneration and other terms and conditions of the appointment of Mr. Gupta, subject to the approval of the Members in the Annual General Meeting.

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The terms and conditions of appointment of Mr. Gupta as the Whole-time Director are as follows:

1. Effective Date

February 7, 2020 ("Effective Date")

2. Tenure

One year from the Effective Date

3. Title

Whole-time Director

4. Location

Location of employment is Gurugram, India ("Work Location").

5. Remuneration

No additional remuneration is payable for holding the position of Whole-time Director. Mr. Amit Kumar Gupta shall continue to draw the current remuneration for his position as General Counsel as well as for additional position as Whole-time Director as per the terms of his appointment as General Counsel i.e. at cost to company ("CTC") of INR 77,50,000 (Rupees Seventy Seven Lakh Fifty Thousand Only) per annum (excluding one-time special bonus). The break-up of CTC on the basis of the various remuneration components has been provided in "Annexure A".

Annual increase in remuneration including increments to components of compensation will be determined on an annual basis as per the Company's appraisal cycle, by the Board of Directors, as per the recommendation of the Nomination and Remuneration Committee.

6. Minimum remuneration

Notwithstanding anything herein above stated where, in any financial year closing on and after March 31, 2020, the Company incurs a loss or its profits are inadequate, the Company shall pay an aggregate remuneration not exceeding the limits specified under Section II of Part II of Schedule V to the Companies Act, 2013 (including any statutory modifications or re-enactment(s) thereof, for the time being in force), or any other applicable law for the time being in force.

7. Retirement by rotation and sitting fees

Appointment shall not be subject to retirement by rotation during tenure as Whole-time Director. Further, no sitting fees shall be paid for attending the meetings of the Board of Directors or the board of directors of any subsidiary of the Company, in each case, inclusive of any committee's thereof.

8. Termination

Mr. Gupta's position as Whole-time Director of the Company shall be terminable upon resignation or termination without cause, by 1 month's notice by Mr. Gupta or the Company. The Company may in its sole discretion waive the 1 month notice requirement of Mr. Gupta.

The Company shall also be entitled to terminate Mr. Gupta as Whole-time Director for "Cause" (defined below), without any prior notice.

"Cause" shall include (i) malfeasance, misconduct or gross negligence by Mr. Gupta in connection with his role as Whole-time Director; or (ii) failure of Mr. Gupta to perform any statutory and/or contractual duties as Whole-time Director; or (iii) continuing failure by Mr. Gupta to perform such statutory and/or contractual duties as Whole-time Director as are requested by the Board or a relevant committee of the Board; or (iv) failure to observe material policies of the Company applicable to Mr. Gupta (including, without limitation, the ICRA Code of Business Conduct and the Separation Policy); or (v) any conduct of Mr. Gupta which results in a material loss of, or is prejudicial to, the reputation of the Company; or (vi) the conviction for or plea of guilty made by Mr. Gupta, for (A) any statutory or criminal offence involving moral turpitude, or (B) any felony or offence under the Indian Penal Code, 1860, in each case, for the time being in force.

The Board of Directors or any committee of the Board as may be constituted by the Board from time to time and delegated with this power, may determine the Cause.

Employment with the Company in the designation of General Counsel shall be terminable by Mr. Gupta and/or the Company in accordance with the terms and conditions of the Appointment Letter for position of General Counsel between Mr. Gupta and the Company.



9. Other terms and conditions of the appointment

- i. At any time, if Mr. Gupta ceases to be a Director of the Company, he shall ipso-facto cease to be a Whole-time Director of the Company.
- ii. At any time, if Mr. Gupta ceases to be an employee of the Company, he shall resign from his post of a Whole-time Director and cease to be a Whole-time Director of the Company with immediate effect.
- iii. Mr. Gupta shall perform such duties as a Whole-time Director, as may from time to time be entrusted to him by the Board of Directors of the Company, subject to the superintendence and control of the Board of Directors of the Company.

Subject to approval of the Members, the Board of Directors of the Company at its meeting held on June 25, 2020, on recommendation of the Nomination and Remuneration Committee, approved the payment of a one-time special bonus of Rs. 12,00,000 to Mr. Gupta for the financial year 2020-21.

All other terms and conditions relating to Mr. Gupta's appointment and remuneration as approved earlier by the Board of Directors shall remain unchanged.

The Board accordingly recommends the resolution pertaining to payment of a one-time special bonus of Rs. 12,00,000 to Mr. Gupta for approval by the Members of the Company.

The remuneration payable to Mr. Gupta is in conformity with the provisions of the Companies Act, 2013, including Schedule V, and is within the permissible limits under the provisions of the Companies Act, 2013. Details of remuneration paid/payable to Mr. Gupta are disclosed in the extract of the Annual Return annexed to the Board Report and in the Corporate Governance Report.

The above may be treated as an abstract of the terms of appointment of Mr. Gupta as per the Companies Act, 2013.

Mr. Gupta is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013. Mr. Gupta is not debarred from holding the office of Director by virtue of any SEBI order or any other such authority. The Company has received notice in writing under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director.

Mr. Gupta does not hold any shares in the Company. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Mr. Gupta, is in any way concerned or interested in this Resolution. Details regarding Mr. Gupta have been presented in the Annexure-B to the accompanying Notice.

The Board of Directors of your Company is of the opinion that the appointment of Mr. Gupta would be beneficial to the Company and hence recommends the Ordinary Resolution as set out at Item no. 5 of the Notice for approval of the Members of the Company.

Annexure A

Basic Salary	Basic salary shall be Rs. 24,39,996 (Rupees Twenty Four Lakh Thirty Nine Thousand Nine Hundred and Ninety Six Only) per annum.
House Rent Allowance	A house rent allowance shall be paid equivalent to 40% of the abovementioned basic salary.
Special Allowance	Special allowance of Rs. 21,72,231 (Rupees Twenty One Lakh Seventy Two Thousand and Two Hundred Thirty One Only) per annum. Special allowance will be adjusted basis the elections made towards flexible pay components.
Leave Encashment	Leave Encashment shall be as per the Staff Rules.
Provident Fund	Contribution towards provident fund shall be as per the Staff Rules.
Gratuity	Shall be payable as per the Staff Rules.
Short-term Incentive	The Board of Directors, in consultation with the Nomination and Remuneration Committee, shall determine the Short-term Incentive, based upon the assessment of performance.
Long-term Incentive	The Board of Directors, in consultation with the Nomination and Remuneration Committee, shall determine the Long-term Incentive, based upon the assessment of performance.
CTC	Rs. 77,50,000

ICRA Limited**Item No. 6**

Mr. N. Sivaraman was appointed as an Additional Director thereafter as Managing Director & CEO of the Company and CEO of ICRA Group, designated as "Managing Director & Group CEO", effective from August 10, 2020. "ICRA Group" shall mean the Company and its subsidiaries (both direct and indirect) when referred to collectively. The appointment is subject to approval of the members of the Company and of other authorities, if any, under the provisions of Sections 196, 197, 198 and 203 read with Schedule V of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), on the following terms and conditions, as approved by the Board of Directors and the Nomination and Remuneration Committee:

1.	Basic Salary	Mr. N. Sivaraman's basic salary shall be at a rate of Rs. 1,34,75,000 (Rupees One Crore Thirty-Four Lakh and Seventy-Five Thousand Only) per annum. It shall be paid in monthly instalments, including a pro rata amount for a part month of service. The basic salary shall be subject to such annual increments as may be decided by the Board of Directors of the Company on the recommendation of the Nomination and Remuneration Committee. Any annual increment shall be effective from 1 st April, each year.
2.	Bonus	Mr. N. Sivaraman will be eligible to receive a bonus on an annual basis, subject to assessment of his performance and Mr. N. Sivaraman being in "Good Standing". The bonus for the first year shall be equivalent to an amount of Rs. 1,65,00,000 (Rupees One Crore Sixty-Five Lakh Only) subject to Mr. N. Sivaraman being in "Good Standing". The said bonus for the first year shall be proportionately paid out in the calendar year of 2021 during the time of the normal bonus pay-out period for other employees in the Company and the balance amount shall be paid in the calendar year of 2022 during the time of normal bonus pay-out period for other employees in the Company. The Board, in consultation with the Nomination and Remuneration Committee, shall determine the bonus for subsequent years, based upon the assessment of his performance and subject to Mr. N. Sivaraman being in "Good Standing".
3.	Good Standing	<p>During the Tenure of his employment with the Company, Mr. N. Sivaraman's eligibility to receive the amounts referred to in clause 2 shall be subject to Mr. N. Sivaraman being in "Good Standing" on the date that the decision is made to pay the relevant amount and on the date on which payment is due to him. However, upon expiry of the Tenure or renewed Tenure, as the case may be, the Bonus, either full or proportionate as may be determined by the Board in consultation with the Nomination and Remuneration Committee, shall be payable to him.</p> <p>"Good Standing" refers to Mr. N. Sivaraman being medically fit and actively employed (i.e. not under notice given by him or the Company, continuing to be eligible pursuant to the Act to hold the positions referred to in the appointment letter, and not being in breach of his statutory and/or contractual duties towards the Company, or any other breach or action or inaction that could give rise to a termination for Cause under Clause 8 below).</p> <p>The Board of Directors or any committee of the Board as may be constituted by the Board from time to time and delegated with this power, may determine Good Standing.</p>
4.	Allowances and Perquisites	Mr. N. Sivaraman shall be entitled to the following allowances as set out in the appointment letter, subject to the terms and conditions as approved by the Nomination and Remuneration Committee of the Company from time to time. Amounts below are stated in terms of annual figures. Unless otherwise stated in the staff rules of the Company ("Staff Rules") or determined by the Nomination and Remuneration Committee, Mr. N. Sivaraman's entitlement to the relevant amounts are subject to Mr. N. Sivaraman being in employment of the Company at the relevant time of payment, and his entitlement shall be prorated in relation to a part-year of employment. In case there is any conflicting provisions between the Staff Rules as in effect as of any relevant time and the appointment letter, the provisions of the Staff Rules then in effect would prevail. A detailed copy of the current Staff Rules will be shared with him as a separate document for reference.
	(i) House Rent Allowance	A house rent allowance shall be paid equivalent to 50% of the abovementioned basic salary;
	(ii) Special Allowance	Special allowance of Rs. 1,54,61,204 (Rupees One Crore Fifty-Four Lakh Sixty-One Thousand Two Hundred Four Only) per annum. Special allowance will be adjusted basis the elections made by him towards flexible pay components;



	(iii) Flexible Pay Components	Flexible pay components include lunch coupons/meal card and leave travel allowance. Lunch Coupons/Meal Card: a sum of Rs. 24,000 (Rupees Twenty-Four Thousand Only) per annum. Leave Travel Allowance: Any amount can be chosen as leave travel allowance up to a maximum available balance of special allowance. Process for claiming leave travel allowance is specified in the Staff Rules.
	(iv) Mediclaim and Accidental Insurance	Premium in respect of Mediclaim and accidental insurance policies as per the Staff Rules;
	(v) Provident Fund	Contribution towards provident fund shall be as per the Staff Rules;
	(vi) Leaves and Leaves Encashment	Leaves and Leave Encashment shall be as per the Staff Rules;
	(vii) Gratuity	Gratuity shall be payable as per the Staff Rules;
	(viii) Company Car	Mr. N. Sivaraman would be eligible to avail of the Company provided car and driver facilities. However, the amount incurred for this perquisite shall be adjusted to the amount of Special Allowance;
5.	Additional Remuneration terms	(A) The remuneration payable to him by way of basic salary, perquisites, allowances, bonus, incentives, benefits, payments and/or any other remuneration as may be granted from time to time, shall not exceed the limits specified under Sections 197 and 198 of the Act, including Schedule V, as amended from time to time, unless requisite approval of members of the Company is obtained in accordance with the Act. In case the remuneration payable to him exceeds 5% of net profits of the Company for the relevant financial year and/or exceeds the limits specified under Schedule V of the Act, the remuneration shall be payable to him, subject to approval by members of the Company through special resolution. In case members would not approve the remuneration, the Company shall pay Mr. N. Sivaraman an aggregate remuneration not exceeding the limits specified under Section II of Part II of Schedule V to the Act (including any statutory modifications or re-enactment(s) thereof, for the time being in force), or any other applicable law for the time being in force. (B) The Company shall withhold from all amounts payable under this appointment letter, all sums that are required to be withheld by law, court decree, or executive order (issued under statute or applicable law), including (but not limited to) towards income taxes, employment taxes, and employee contributions to benefit plans sponsored by the Company, if applicable. (C) Mr. N. Sivaraman's annual cost to company is Rs. 5,50,00,000 (Five Crore Fifty Lakh Only) ("CTC"). The CTC includes his gross annual remuneration consisting of all emoluments, benefits and perquisites specified in Clauses 1, 2 and 4 as well as the various costs borne by the Company in respect of his employment including the 'employer provident fund contribution' etc.
6.	Location	Mr. N. Sivaraman will work at the Company's offices in Mumbai, India and will travel on the business of the Company for which he is required to perform duties including travel to Company's office in New Delhi, Gurugram and/or any other location.
7.	Tenure	Mr. N. Sivaraman's appointment as the Managing Director & Group CEO will be for a period of 3 (three) years, effective from the date of his appointment, subject to requisite approvals from shareholders and/or other appropriate authorities, if required. The tenure shall be further renewed for an additional period of 2 (two) years subject to mutual consent of both parties and approvals of the members of the Company and/or other appropriate authorities, if required.

ICRA Limited

8.	<p>Termination</p> <p>Subject to the terms of his appointment by the Board to the designations as set out in this resolution, his employment with the Company shall be terminable either upon resignation or termination without cause, by 3 months' notice or by the payment of 3 months' basic salary and allowances but excluding perquisites and annual bonus, in lieu of notice by him or the Company.</p> <p>The Company shall also be entitled to terminate his employment for "Cause" (defined below), without any prior notice.</p> <p>"Cause" shall include (i) malfeasance, misconduct or gross negligence by him in connection with his employment; or (ii) failure to perform any statutory and/or contractual duties; or (iii) continuing failure to perform such statutory and/or contractual duties as are requested by any person to whom he reports or the Board or a relevant committee of the Board; or (iv) failure to observe material policies of the Company applicable to him (including, without limitation, the ICRA Code of Business Conduct and the Separation Policy); or (v) any conduct which results in a loss of, or is prejudicial to, the reputation of the Company; or (vi) the conviction for or plea of guilty made by him, for (A) any statutory or criminal offence involving moral turpitude, or (B) any felony or offence under the Indian Penal Code, 1860, in each case, for the time being in force.</p> <p>The Board of Directors or any committee of the Board as may be constituted by the Board from time to time and delegated with this power, may determine the Cause.</p>
9.	<p>Retirement by Rotation and Sitting Fees</p> <p>Mr. N. Sivaraman shall not be subject to retirement by rotation during his tenure as Managing Director. Further, no sitting fees shall be paid to him for attending any meetings of the Board of Directors or the board of directors of any other ICRA Group entities, in each case, inclusive of any committee's thereof.</p> <p>If he receives any sitting fees or other remuneration from any other positions he holds in connection with his employment with the Company, he shall promptly pay such amounts to the Company.</p>
10.	<p>Confidentiality</p> <p>Mr. N. Sivaraman acknowledges that the terms of the appointment letter are strictly confidential, and categorically agrees not to disclose, communicate or otherwise make public the terms set out herein to anyone for any reason whatsoever.</p> <p>For the purposes of this confidentiality provision, the term "Confidential Information" shall refer to all information in respect of which he is required to observe secrecy pursuant to the Declaration of Fidelity and Secrecy hereto annexed as Annexure 1 ("Declaration") and required to be executed by him simultaneously with the acceptance and signing of the appointment letter by him and all information which he will, in course of his employment with the Company and tenure as Managing Director & Group CEO, receive, or become privy to, or acquire that is not in the public domain, that is competitively sensitive and/or constitutes private business information of or about the Company, any other entity of ICRA Group and/or the employees or clients of the Company and/or any other ICRA Group entities. Notwithstanding the above, any information which is marked as "Confidential" or "Proprietary" or which should otherwise reasonably be construed as confidential or proprietary, or which otherwise derives value from not being generally known or not being in the public domain shall also be considered as Confidential Information. Mr. N. Sivaraman agree to hold the Confidential Information in the strictest confidence and agree to use the Confidential Information only for the benefit of the Company and each of the other ICRA Group entities and/or their respective clients, and solely for purposes consistent with his employment duties. Mr. N. Sivaraman will not at any time, either during the continuance of or after the termination of his employment with the Company, share, use or disclose or otherwise communicate, or permit any other person or entity to access, the Confidential Information except in a) the proper course of his employment duties with the Company; or b) as authorized in writing by the Company; or c) as ordered by a court of competent jurisdiction; or d) if any such disclosure is specifically required by the operation of applicable law, provided that Mr. N. Sivaraman give prompt notice of such requirements to the Company to enable the Company to seek an appropriate protective order or confidential treatment.</p>



11. Conflict of Interest	<p>Mr. N. Sivaraman must not undertake or have any interest in any activity or business which conflicts with the interests of the Company or any other entity of the ICRA Group, or with his duties towards the Company or any other entity of the ICRA Group. Without limiting the foregoing, during his employment with the Company, and tenure as Managing Director & Group CEO of the Company, he must:</p> <p>(A) not accept from any person employed by the Company or any other entity of the ICRA Group, or from any person having or which/who has had any business dealings with the Company or any other entity of the ICRA Group, any gift (monetary or otherwise) the acceptance of which would be in breach of applicable law or any relevant policies of the Company as in effect from time to time;</p> <p>(B) not at any time make improper or unauthorized use of information he acquires by virtue of his position within the Company, or any other entity of the ICRA Group to gain any advantage for himself or for any other person to the detriment of the Company or any other entity of the ICRA Group, whether directly or indirectly;</p> <p>(C) not at any time allow himself to be placed in a position where his personal interests may conflict with his duties and obligations towards the Company or any other entity of the ICRA Group, whether directly or indirectly; and</p> <p>(D) not, directly or indirectly, be engaged, interested in or undertake in whatever capacity and whether for reward or gratuitously, any employment, activity, trade, business, office or work whatsoever otherwise than in respect of his duties and obligations towards the Company or any other entity of the ICRA Group, or retain any fee, except with the written consent of the Company.</p>
12. Non-Compete	<p>Mr. N. Sivaraman acknowledges and agrees that for a period of 12 months from the date of cessation of his employment with the Company and/or tenure as Managing Director & Group CEO of the Company whichever is later, he will not, either directly or indirectly, partner, work or enter into or attempt to partner, work, or enter into, any employment, directorship, consultancy, advisory, service or agency agreement or any other engagement with any person, firm, corporation, partnership, limited liability company, association, trust or other entity or organisation, whether domestic or foreign, which, directly or indirectly, competes with and/or which has the potential to compete with or which is likely to carry on business similar to all or any part of the business or businesses (collectively, the "Business" as defined below) operated or conducted by the Company or any other entity of the ICRA Group in India, Indonesia, Nepal, Sri Lanka, or any other jurisdiction in which the Company or any other entity of the ICRA Group conducts the Business as on the date on which his employment with the Company or tenure as Managing Director & Group CEO ends.</p> <p>Mr. N. Sivaraman understands and acknowledges that the Business of the Company and the other members of the ICRA Group includes but is not limited to (i) assigning credit ratings to securities and other credit obligations including structured finance securities, collateralized obligations and derivatives, bonds, loans, bank deposits and other bank debt, commercial paper programs, insurance company obligations, managed funds etc., (ii) the sale of related credit research to third parties, (iii) management consulting, program management, risk solutions and content, and (vi) knowledge process outsourcing.</p>
13. Non-Solicitation	<p>Mr. N. Sivaraman agrees that during his employment with the Company and tenure as Managing Director & Group CEO and for a period of 12 months from the date of cessation of his employment with the Company and/or tenure as Managing Director & Group CEO, whichever is later, he will not, on his own behalf or as a partner, officer, director, employee, agent, or consultant of any other person or entity, directly or indirectly, solicit, induce, encourage (or attempt to solicit, induce, encourage or recruit) any employee of the Company or any other ICRA Group entity to (a) leave his or her employment or other association with the Company and/or the relevant ICRA Group entity, as the case may be, and/or (b) consider employment with any other person or entity.</p>

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14. Non-disparagement	<p>During the term of employment with the Company and tenure as Managing Director & Group CEO and at any time thereafter, he shall not, under any circumstance, do any act, thing or deed which is detrimental or prejudicial or materially adverse to the interest of the Company or any other entity of the ICRA Group whether in India or overseas and shall refrain from disparaging, criticizing, making or publishing any negative remarks, public or private, comments or statements online on social media or other websites and/or blogs or in the press or print media or electronic media or any interview concerning the Company or any other entity of the ICRA Group or the businesses, services, products, shareholders, officers, directors or other personnel of the Company or any other entity of the ICRA Group or any of their affiliates/shareholders.</p>
15. Privacy	<p>Mr. N. Sivaraman's acceptance of the appointment letter shall constitute his consent and authorization to the Company, its affiliate entities, authorized agents, legal consultants, tax advisors, accountants, payroll processors, data processors, insurers, third party service providers and medical/health consultants, in India or abroad, to collect, receive, scrutinize, verify, shortlist, use, share, discuss, possess, process, monitor, store or handle or transfer, at any time, any information, data, record and message created, received, sent or stored in any Electronic Media Equipment or Electronic Media Systems (as such terms are defined below) of the Company including his personal and sensitive personal information with the Company in accordance with the applicable laws and the Company's policies.</p> <p>Mr. N. Sivaraman understands and agrees that any Company related information including but not limited to emails, messages, documents on his personal Electronic Media Equipment or personal Electronic Media Systems will be Company property.</p> <p>Mr. N. Sivaraman hereby agrees and undertakes to allow the Company to access, review, retrieve, transfer and expunge all such information and documents from his personal Electronic Media Equipment or personal Electronic Media Systems at any time. For this purpose, "Electronic Media Equipment" includes, but is not limited to, computers, external storage devices, thumb drives, mobile devices (including, but not limited to, smart phones, tablets, and e-readers), telephone equipment, and other electronic media devices and "Electronic Media Systems" includes, but is not limited to, computer servers, messaging and email systems or accounts, applications for computers or mobile devices, and web based services (including cloud-based information storage accounts).</p> <p>Mr. N. Sivaraman may exercise his rights of access, modification, cancellation and opposition to the above actions in relation to his personal and sensitive personal information in accordance with the applicable laws.</p> <p>Mr. N. Sivaraman agrees to notify the Company immediately of any change affecting his personal and sensitive personal information as provided to the Company in order to ensure that it is accurate and updated.</p> <p>All information, records, reports, correspondence by email, software, messages (including voicemail), computer information and other data generated by or residing on the Company's Electronic Media Equipment or Electronic Media Systems shall be Company property and may be accessed, searched, reviewed, audited, used or disclosed by the Company without any notice to him for any legitimate business purpose including ensuring compliance with the Company's legal obligations such as income tax, social security withholdings, statutory filings, management, financial and stock exchange reporting, human resources management, restructuring and planning, conduct of workplace investigation/enquiries/audits, insurance related compliance, employment related matters and that licensed software is being used.</p> <p>The Company shall retain the above-mentioned information for long as is required for the purposes for which it was collected or as required under applicable law.</p>



16. Use of Company Assets	<p>Mr. N. Sivaraman understands that he has no reasonable expectation of privacy in any Company property and agrees that any Company property is subject to inspection by the Company personnel authorised by the Board at any time with or without a notice.</p> <p>Mr. N. Sivaraman also understands that he has no expectation of privacy in relation to any Electronic Media Equipment or Electronic Media Systems of the Company, including accessing the internet, using any electronic mail, telephone, voicemail, instant messaging or technology systems to which he will have access in connection with his employment.</p> <p>The Company has or may acquire software and systems that are capable of monitoring and recording all network traffic to and from any Electronic Media Equipment or Electronic Media Systems of the Company. The Company reserves the right to access, review, copy and delete any information, data or messages accessed through its Electronic Media Equipment or Electronic Media Systems, at any time, with or without notice to him and/or in his absence. This includes, but is not limited to, all e-mail messages sent or received, all website visits, all chat sessions, all news group activity (including groups visited, messages read and postings by him), and all file transfers into and out of the Company's internal networks. The Company further reserves the right to retrieve previously deleted messages from e-mail or voicemail and monitor usage of the internet, including websites visited and any information Mr. N. Sivaraman download.</p>
17. Amendments	Any amendments to the terms and conditions shall be in writing and shall be subject to compliance with applicable laws and the approval of the Board and the members of the Company, as may be applicable.
18. Assignment	The appointment letter will inure to the benefit of and be binding upon the successors of the Company in cases such as mergers and amalgamations. Mr. N. Sivaraman will not assign any of his rights under the appointment letter.
19. Waiver	No failure or delay on the part of the Company in exercising any right, power or remedy hereunder will operate as a waiver thereof, nor will any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Company under applicable laws.
20. Governing Law	The appointment letter will be governed and construed in accordance with the laws of India. The civil courts at New Delhi will have the exclusive jurisdiction on all matters arising out of and/or in connection with the appointment letter.
21. Employment Agreement	<p>Upon his appointment as Managing Director & Group CEO coming into effect, the appointment letter, together with any other documents referred to herein, sets out all remuneration arrangements pertaining to his appointment.</p> <p>The appointment letter will be constituted as an Employment Agreement and terms set out in the appointment letter will supersede the offer letter.</p>

ICRA Limited

The above may be treated as an abstract of the terms of appointment of Mr. N. Sivaraman as per the Companies Act, 2013.

Mr. N. Sivaraman is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013. Mr. N. Sivaraman is not debarred from holding the office of Director by virtue of any SEBI order or any other such authority. The Company has received notice in writing under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director.

Mr. N. Sivaraman does not hold any shares in the Company. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Mr. N. Sivaraman, is in any way concerned or interested in this Resolution. Details regarding Mr. N. Sivaraman have been presented in the Annexure-B to the Notice.

Relevant information and disclosures prescribed under Schedule V to the Companies Act, 2013 have been presented in the Annexure-C to the Notice.

The Board of Directors of your Company is of the opinion that the appointment of Mr. N. Sivaraman would be beneficial to the Company and hence recommends the Special Resolution as set out at Item no. 6 of the Notice for approval of the Members of the Company.

By Order of the Board of Directors
For ICRA Limited

(S. Shakeb Rahman)
Company Secretary & Compliance Officer
F7854

Place: Gurugram

Date: July 28, 2020

CIN: L74999DL1991PLC042749

Registered Office:

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

Telephone No.: +91.11.23357940-45

Website: www.icra.in

Email ID: investors@icraindia.com

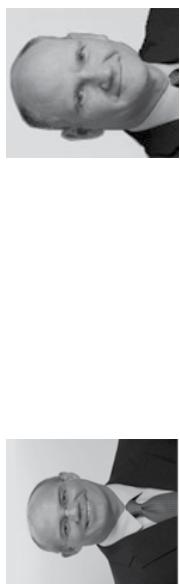
**Annexure 1****DECLARATION OF FIDELITY AND SECRECY**

I, (Name in full), do declare that I will faithfully, truly with due diligence and to the best of my knowledge, judgment, skill and ability execute and perform duties required to be performed by me as an employee of ICRA Limited (the "Company" or "ICRA") and which properly relate to any office or position in the Company and/or any entity of the ICRA Group (collectively, "ICRA Group") held by me.

I further declare that I will, during my tenure of service with the Company and/or ICRA Group and also thereafter, observe strict secrecy in respect of all transactions of the Company and ICRA Group and all matters relating thereto and that I will not directly or indirectly communicate or divulge any of the matters or any information relating to the affairs of the Company or ICRA Group, which may come to my knowledge in the discharge of my duties as an employee except when required or authorized to do so by the management of the Company or ICRA Group or by the applicable law. I agree that such secrecy would be maintained by me during my tenure of service with ICRA and ICRA Group and thereafter in respect of the client information that would come to my knowledge while working with ICRA and ICRA Group. I also agree that any violation of confidence on my part as hereinabove expressed shall render me liable to summary dismissal and to such further or other actions as may be determined by ICRA in accordance with the Staff Rules/code of conduct or applicable laws.

I further declare that I shall abide by the Staff Rules, Codes of Conduct, and policies of the Company (including the Separation Policies of the Company) to the extent applicable to me and submit myself to the disciplinary process as prescribed for violation of the aforesaid rules, codes, policies and applicable laws.

Signature		Witness	
Name		Signature	
Designation		Name	
Address		Address	

ICRA Limited**Details of the Director seeking reappointment/appointment at the Twenty-Ninth Annual General Meeting pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 on General Meetings****Profile**

<p>Mr. Thomas John Keller Jr. is a Non-Independent and Non-Executive Director of ICRA Limited.</p> <p>Mr. Keller recently retired from his dual role as Managing Director and Head of both the Commercial Group and Regional Management of Moody's Investors Service (MIS), leaving the Commercial role in January 2019 and the Regional Management role June 30, 2019.</p> <p>As Head of the Commercial Group, Mr. Keller drove MIS's sales and marketing efforts, product development and strategic initiatives. As Head of the Regional Management organization, he provided global leadership to advance, execute and communicate strategies across regions in which MIS operates.</p> <p>In addition, he oversaw the relationships with MIS's non-Moody's branded affiliates to manage risk exposure and enhance cooperation. He was also the executive sponsor of Moody's LGFTA Employee Resource Group and a board member of the Heirick-Martin Institute.</p>	<p>Mr. Michael Foley is an Additional Director of ICRA Limited under the category of Non-Executive, Non-Independent Director.</p> <p>Mr. Foley, was appointed Vice Chairman, Moody's Investors Service Asia Pacific, in November 2019. In that role, he provides strategic and operational support to Min Ye, MD – Head of International, and Wendy Cheong, MD – Regional Head of MIS Asia Pacific, and focuses on a number of key initiatives across the region.</p> <p>From 2012 through 2019, Mr. Foley was the Managing Director, Global Financial Institutions, responsible for Moody's Banking, Insurance and Managed Investment rating businesses in the Americas, EMEA and Asia. Mr. Foley re-joined Moody's from the Board of Governors of the Federal Reserve in Washington, D.C. where he was the</p>	<p>Mr. Amit Kumar Gupta is a Whole-time Director and General Counsel of ICRA Limited.</p> <p>Mr. Gupta joined ICRA in 2015. He has over 20 years of diverse industry experience mostly in insurance and financial services. Prior to joining ICRA, Mr. Gupta worked at Ameriprise Financials, Aviva Life Insurance, Sanlam Investment and Bajaj Allianz managing various responsibilities in the similar domain.</p> <p>Under his leadership, L&T Finance Holdings became the first subsidiary of L&T to be publicly listed. He strategized expansion of the business across lending, asset management and insurance, and led inorganic growth initiatives as well, overseeing key acquisitions in asset management, housing and personal vehicle finance. In his 34 years of association with L&T, Mr. N. Sivaraman held many key roles in Finance & Accounts, Mergers & Acquisitions, Treasury, Project Finance, Corporate Finance and Investor Relations.</p> <p>Mr. Gupta is a law graduate and a member of the Institute of Company Secretaries of</p>
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Prior to these roles, Mr. Keller held a number of leadership positions in the company, including head of sovereign ratings, managing director for the Global Public, Project and Infrastructure Finance Group, head of MS Asia Pacific, and representative director of Moody's Japan. Mr. Keller joined the company in 1992 as a senior analyst. Prior to Moody's, he worked at Chemical Bank and Manufacturers Hanover Trust Company. He earned a B.B.A. from the University of Rhode Island and an M.B.A. from Iona College.

Prior to his role at the Federal Reserve, Mr. Foley spent 14 years at Moody's in a number of roles. His last position, in 2007, was Managing Director, Fundamental Business Management. From 2002 to 2006, Mr. Foley was Managing Director, Regional Head for EMEA, where he had responsibility for Moody's offices in Europe, as well as for Moody's affiliate relationships, and matrix responsibility for EMEA ratings and research activities. From 1997 to 2001, Mr. Foley was a Managing Director in Corporate Finance managing ratings for telecom, media and technologies, energy, utilities, healthcare and basic industries. He was also a Managing Director in Finance, Securities and Insurance from 1996 to 1997 and a Vice President in the Financial Institutions Group from 1993 to 1996.

Before Moody's, Mr. Foley worked at KPMG Peat Marwick and the Federal Reserve in Washington, D.C.

Senior Associate Director of Banking Supervision and Regulation from 2008 until 2012. While at the Federal Reserve, he managed a group responsible for the supervision of large, complex domestic and foreign banking organizations regulated by the Federal Reserve.	In 2016, Mr. N. Sivaraman left L&T; he has been working on establishing a platform for financing infrastructure projects using a combination of NBFC and managed funds. At the same time, his firm – 5E Financial Services, has been advising entities seeking to invest debt funds in infrastructure projects.
Prior to his role at the Federal Reserve, Mr. Foley spent 14 years at Moody's in a number of roles. His last position, in 2007, was Managing Director, Fundamental Business Management. From 2002 to 2006, Mr. Foley was Managing Director, Regional Head for EMEA, where he had responsibility for Moody's offices in Europe, as well as for Moody's affiliate relationships, and matrix responsibility for EMEA ratings and research activities. From 1997 to 2001, Mr. Foley was a Managing Director in Corporate Finance managing ratings for telecom, media and technologies, energy, utilities, healthcare and basic industries. He was also a Managing Director in Finance, Securities and Insurance from 1996 to 1997 and a Vice President in the Financial Institutions Group from 1993 to 1996.	In December 2018, Mr. N. Sivaraman joined IL&FS Group, as Group Chief Operating Officer, responsible for asset monetization and creditor engagement, including restructuring of loans, where required. His assignment with IL&FS ends on July 31, 2020.
Before Moody's, Mr. Foley worked at KPMG Peat Marwick and the Federal Reserve in Washington, D.C.	Mr. N. Sivaraman holds a Bachelor of Commerce from Madras University and is a Chartered Accountant from the Institute of Chartered Accountants of India.
Mr. Thomas John Keller Jr.	Mr. Amit Kumar Gupta
October 13, 1959; 61 years	August 15, 1975; 45 years
Relationship with other Directors inter se	None
First Date of Appointment	January 30, 2015
Expertise in Specific Functional Areas	General Management, Strategy & Execution
	Credit ratings and financial institution regulation and supervision
	Legal, Compliance, Government relations and public affairs
	General Management, Strategy & Execution

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Qualifications	B.B.A. from the University of Rhode Island; M.B.A. from Iona College	MBA and a BS Business Administration, both from the University of Florida	LLB; Company Secretary (Institute of Company Secretaries of India)	B.Com from Madras University; Chartered Accountant (Institute of Chartered Accountants of India)
No. of Equity Shares held in the Company	Nil	Nil	Nil	Nil
List of Other Companies/ bodies corporate (including listed entities) in which Directorships are held	None	None	<ul style="list-style-type: none"> ICRA Lanka Limited ICRA Nepal Limited Shiva Pharmachem Limited Ascentios Advisors Private Limited PGIM India Trustees Private Limited 	<ul style="list-style-type: none"> 5E Investment Advisors Private Limited Shiva Pharmachem Limited Ascentios Advisors Private Limited PGIM India Trustees Private Limited
List of Committees of the Board of Directors (across all companies / bodies corporate) in which Chairmanship/ Membership is held*	None	<p>Chairman</p> <p>Stakeholder Relationship Committee of ICRA Limited</p>	<p>Member</p> <p>Audit Committee of Shiva Pharmachem Limited</p>	

**Pursuant to Regulation 26(1)(b) of the Listing Regulations, only two committees, viz. Audit Committee and Stakeholders Relationship Committee, have been considered.

Note: For other details such as number of meetings of the board and its committees attended during the financial year 2019-20 and remuneration drawn in respect of Mr. Thomas John Keller Jr., Mr. Michael Foley and Mr. Amit Kumar Gupta, please refer to the corporate governance report of the Company.

**Annexure - C**

Relevant information and disclosures prescribed in Schedule V to the Companies Act, 2013 are given below:

I. General Information																																													
1	Nature of Industry ICRA is a credit rating agency registered with the Securities and Exchange Board of India.																																												
2	Date or expected date of commencement of commercial production The Company was incorporated on January 16, 1991 and the Certificate of Commencement of Business was granted on March 15, 1991. Since then, the Company had commenced its business.																																												
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus Not applicable																																												
4	Financial performance based on given indicators As per standalone financial statements (Rs. in Crore) <table border="1" data-bbox="635 719 1445 963"> <thead> <tr> <th>Financial year</th> <th>2019-20</th> <th>2018-19</th> <th>2017-18</th> </tr> </thead> <tbody> <tr> <td>Total income</td> <td>248.36</td> <td>274.67</td> <td>272.87</td> </tr> <tr> <td>Profit before Tax</td> <td>92.05</td> <td>131.07</td> <td>145.84</td> </tr> <tr> <td>Profit after Tax</td> <td>64.98</td> <td>95.97</td> <td>100.32</td> </tr> <tr> <td>Rate of dividend</td> <td>270%</td> <td>300%</td> <td>300%</td> </tr> <tr> <td>Earnings per share (Basic) (In Rs.)</td> <td>67.55</td> <td>98.36</td> <td>102.01</td> </tr> </tbody> </table> As per consolidated financial statements (Rs. in Crore) <table border="1" data-bbox="635 994 1445 1217"> <thead> <tr> <th>Financial year</th> <th>2019-20</th> <th>2018-19</th> <th>2017-18</th> </tr> </thead> <tbody> <tr> <td>Total income</td> <td>369.06</td> <td>372.86</td> <td>358.22</td> </tr> <tr> <td>Profit before Tax</td> <td>131.48</td> <td>152.04</td> <td>156.80</td> </tr> <tr> <td>Profit after Tax</td> <td>97.24</td> <td>105.95</td> <td>101.18</td> </tr> <tr> <td>Earnings per share (Basic) (In Rs.)</td> <td>99.98</td> <td>108.03</td> <td>102.39</td> </tr> </tbody> </table>	Financial year	2019-20	2018-19	2017-18	Total income	248.36	274.67	272.87	Profit before Tax	92.05	131.07	145.84	Profit after Tax	64.98	95.97	100.32	Rate of dividend	270%	300%	300%	Earnings per share (Basic) (In Rs.)	67.55	98.36	102.01	Financial year	2019-20	2018-19	2017-18	Total income	369.06	372.86	358.22	Profit before Tax	131.48	152.04	156.80	Profit after Tax	97.24	105.95	101.18	Earnings per share (Basic) (In Rs.)	99.98	108.03	102.39
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II. Information about the appointee																																													
1	Background details Refer to Annexure-B to this Notice																																												
2	Past remuneration Details on proposed remuneration has been stated in the Item No. 6 to the Explanatory Statement of this Notice. Past remuneration is not applicable as the appointee was not associated with the Company, prior to the proposed appointment.																																												
3	Recognition or awards Highly acclaimed professional in the financial services sector.																																												
4	Job profile and his suitability Mr. N. Sivaraman will devote full time and attention to ICRA ratings and non-ratings business, subject to superintendence, control and directions of the Board of Directors. Mr. N. Sivaraman has rich experience in the financial services sector, and his candidature is compatible with the organisational requirements.																																												
5	Remuneration proposed Refer to the Item No. 6 to the Explanatory Statement to this Notice for details.																																												
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) Taking into consideration the size of the Company and ICRA Group, the profile of the Managing Director & Group CEO, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration prevailing in the industry.																																												

ICRA Limited

7	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any	Mr. N. Sivaraman has no pecuniary relationship with the Company or its Key Managerial Personnel other than his remuneration in the capacity of the Managing Director & Group CEO
III. Other Information		
1	Reasons of loss or inadequate profits	Though the Company is a profit-making entity, a situation of inadequate profits may arise in any of the financial year during the tenure of appointment of Mr. N. Sivaraman. Therefore, the Company proposes to obtain approval of the Members by way of Special Resolution, to enable the Company to pay the managerial remuneration as stated in the resolution.
2	Steps taken or proposed to be taken for improvement	The Company will take all reasonable steps and measures to avoid a situation of inadequacy of profits.
3	Expected increase in productivity and profits in measurable terms	Given the uncertainty in the current macro-economic environment, we are unable to determine impact on productivity in measurable terms.
IV. Disclosures		
		The prescribed disclosures with respect to elements of remuneration package are provided in the Item No. 6 to the Explanatory Statement to this Notice. Disclosure pertaining to other Directors on the Board are provided in the Corporate Governance section of the Annual Report of the Company.

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(formerly ICRA Online Limited)

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Tel.: 91-33-40170100

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ICRA

A MOODY'S INVESTORS
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