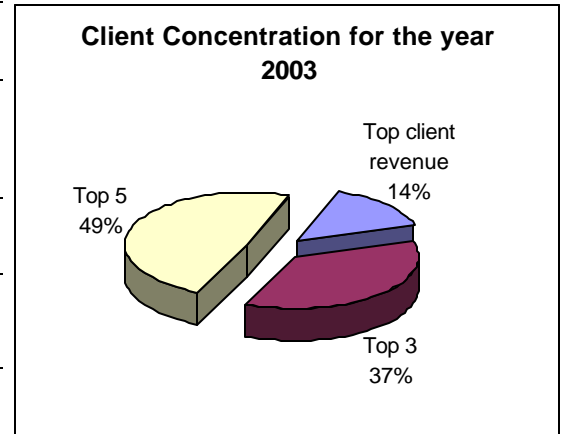


ICICI OneSource

Growing inorganically

Location (Head Office)	Mumbai, India
Ownership	ICICI Group, WestBridge Capital Partners and Temasek Holdings of Singapore
Year of Inception	December 2001
Business Operational Form	ICICI Group listed (NSE: ICBK.NS, BSE: ICBK.BO, CSE: ICBK.CL, NYSE: IBN)
Captive/ Third Party	Third Party



“As we expand our operations, we would continue to look at acquisition opportunities, particularly where it would complement ICICI-OneSource’s existing capabilities and domain expertise.”

- Mr. Ananda Mukerji, CEO & MD, ICICI OneSource

Key Information and Analysis

Background	<p>Backed by the ICICI Group, ICICI OneSource (I-OneSource) is among India's leading BPO companies' providers with proven full service expertise for several industries including financial services, retail, telecom, media and utilities.</p> <p>ICICI group is the second largest financial conglomerate in India with interests in banking, insurance, mutual funds and venture capital.</p>
Service Emphasis	<p>ICICI OneSource offers contact center services and transaction processing services, with the former accounting for 85% of current business. The break up of revenues between voice and non-voice segments is estimated at 70% and 30% respectively.</p> <p>Contact Center: Services offered envelop multiple channels (voice & web) and address solutions across sectors.</p> <p>Inbound Call Solutions: customer service, sales, order taking, level 1 technical support, help desk and outbound voice</p> <p>Outbound Services: collections, telemarketing, surveys and data verification.</p> <p>Web Services: email and web chat</p> <p>Back-Office Processing: new customer registration, account opening, application processing, address updating and billing query resolution.</p> <p>Transaction Processing services for five verticals in the financial services domain; Retail Banking, Credit Cards, Insurance, Mortgage and Asset Management.</p> <p>Retail Banking Processes: account opening, account information capture, customer queries, check clearing, check payment reconciliation, statement processing, ATM reconciliation, investment account management and management reporting.</p> <p>Credit Card Processes: applications screening and card issuance, customer account management, collections and customer follow-up, account queries and limit</p>

	<p>enhancements, accounting and payment reconciliation and MIS reporting.</p> <p>Insurance Processes: customer information capture, risk assessment and premium computation, policy processing and account monitoring, claims management, payment reconciliation, ongoing MIS & reporting.</p> <p>Mortgage Processes: customer acquisition (direct marketing and sales campaigns), origination (application verification and processing), account management (disbursals and collections, payment reconciliation, account information updates) and MIS reporting.</p> <p>The company also offers Registrar and Transfer Agency Services for Asset Management companies. The services include: account creation and account maintenance, transfers and additions, dividend and brokerage payments, MIS reporting, ongoing customer service transfer agency and customer services, fund administration including compliance and statutory reporting, fund accounting and valuation.</p>
Industry Emphasis	Financial Services, Travel, Retail, Telecom, Media
Ownership	<p>I-OneSource Limited is majority owned by the ICICI Group, the largest private sector bank in India. Other stakeholders include Temasek Holdings of Singapore and Westbridge Capital Partners.</p> <p>Total funding received by the company is around \$50 million.</p> <p>The ICICI Group holds 91.5% of the company's equity with ICICI Bank (India's 2nd largest bank) holding 27.5% and ICICI Venture Capital with 64% of the equity. About 8.5% is owned by Westbridge Capital Partners.</p> <p>Singapore's state investment agency Temasek Holdings is investing about \$35 million for a stake in ICICI OneSource. At this point, their stake in the company is not known.</p>
Revenues	<p>Total revenues of the company were \$42 million for the year ended March 2004 compared to \$17.4 million for the year March 2003. The company has adopted a strategy of strong organic growth complimented by a judicious and focused acquisition strategy to enhance capabilities and reach.</p> <p>Their target of \$90 million in FY2005 looks achievable and they are targeting \$150 million in FY2006.</p>
GDCs/Solution centers	ICICI OneSource has four centers in Bangalore and Mumbai, and a fifth one is being set up in Mumbai.
Manpower	<p>The company currently has approximately 4000 employees across five offshore delivery centers in Bangalore and Mumbai and in-market teams in the US and UK.</p> <p>Of the total employee strength of the company the largest group is credit card services with 1800 employees.</p> <p>The company has a seat capacity of 2,000 as of Aug 2004 and expects to add about 300 employees every month in 2004. They have a target of 6000 employees by March 2005.</p> <p>The company has an attrition rate of about 3-3.5% per month.</p> <p>They are trying a novel solution for the attrition problem. ICICI OneSource allows employees who have worked in the company's contact center for at least one year to apply for positions in its group companies such as ICICI Bank and Infotech as an incentive for employee retention.</p>
Key Clients	<p>ICICI OneSource provides call center and claims processing services for about 25 clients, primarily financial services firms.</p> <p>The Financial Services vertical accounts for 70% of its clients. Within this vertical, US, UK and India account for 60%, 35% and 5% respectively. The Telecom vertical makes up most of the balance 30% revenues. Travel, Transport and Media verticals</p>

	<p>make small contributions.</p> <p>The top client contributed 20% of the company's revenues for the year 2003. Top 3 clients contributed around 51% and top 5 clients approximately 68% of revenues for the same period.</p> <p>The company's client list includes Lloyds, Prudential, Virgin Atlantic Airways, Marks & Spencers, Provident, Amex and CompuCredit Corp.</p>
Quality Certification	<ul style="list-style-type: none"> • May 2003 - COPC Certification for Back office Operations • The company has initiated Six Sigma across its delivery centers. • BS 7799
Acquisitions	<p>October 7, 2004 - ICICI OneSource Ltd. acquired Account Solutions Group, LLC (ASG), an Amherst, New York based consumer collections agency.</p> <p>September 2004 - ICICI OneSource acquired Pipal Research, Chicago-based Business research and analytics company.</p> <p>July 2003 - ICICI OneSource acquired FirstRing, a call center primarily into telemarketing, in cash (for an undisclosed amount) after it partially bought out the stakes of WestBridge Capital Partners, Hero group and Silicon Valley-based investor Ravi Sethi in a stock-swap. The acquisition gave ICICI OneSource access to FirstRing's operations in India and the US.</p> <p>May 2002 - ICICI OneSource acquired Customer Asset, a 350-seat Bangalore based call center for \$18 million. This acquisition allowed the company to gain a strong foothold in the contact center business.</p>
Latest News and Developments	<p><i>November 2004:</i> Advisory firm Kaulkin Ginsberg Company, a specialist in the accounts receivable management industry, recently announced a deal between Indian BPO firm ICICI OneSource and U.S.-based collection agency Account Solutions Group, marking the first time an India-based firm has acquired a collection agency to establish a US footprint.</p> <p><i>August 2004:</i> ICICI OneSource appointed Ayan Chatterjee, President of its North American market and designated Raja Gopalakrishnan as regional Director, Asia-Pacific.</p> <p><i>August 2004:</i> Singapore investment firm, Temasek Holdings picked up a stake in ICICI OneSource.</p> <p><i>January 29, 2004:</i> UK-based Shop Direct withdrew a trial assignment from the company's Bangalore based call center. The company attributed the cancellation of contract to "strategic internal changes" at the UK firm.</p>
Insights & Strategy	<p>The company has a very aggressive growth strategy, fueled by acquisitions as well as expansions into new geographies. This is aimed at building capabilities in new domains/service lines as well as de-risking its business. The company plans to be an integrated player offering services across the BPO spectrum, from contact centers to knowledge services and everything in between.</p> <p>In an interview with the media, ICICI OneSource Ltd managing director and CEO, Ananda Mukerji, said, "We are exploring possibilities of setting up our centers overseas in near shore locations such as Mauritius, Philippines, etc. This is a move purely based on customers' perspective, to enable us to serve clients from multi-locations." The company is looking at Philippines and Mauritius for locating a facility, either through acquisition or by building up on its facility. They are also exploring nearshore opportunities in Mexico.</p> <p>ICICI OneSource plans to come up with another facility in Mumbai in 2005. They have also entered new areas like research and analysis, collections and loan processing by way of recent acquisitions.</p> <p>To fund their business growth, the company plans to raise another \$25 million. The</p>

	company is already in discussions with various private equity players to raise this amount.
Strengths	<ul style="list-style-type: none"> Owned by ICICI Bank and ICICI Venture Capital, the company has strong financial backing. Funds for growth are unlikely to be a problem. Already started activity in service niches that are likely to be smaller (in terms of team/project size), but will provide higher value. One of the largest Indian BPOs, ability to scale.
Concerns	<ul style="list-style-type: none"> With 85% of current work coming from contact centers, they are more exposed to competitive pressures in this area. Need to demonstrate ability to transition from a low-end call center player to high-end analytics. There are concerns about its ability to integrate its various cross-national acquisitions.
Key People	<p>CEO & MD, Ananda Mukherji Graduate from the Indian Institute of Technology (IIT), Kharagpur and holds a Post Graduate Diploma in Management (PGDM) from Indian Institute of Management (IIM), Kolkata. Ananda Mukerji has over 17 years of experience, working in a number of areas including project finance, corporate finance and investment banking. Prior to ICICI OneSource, Ananda served as CFO for Enron India Limited. He also worked as a CFO for BPL Communications Ltd.</p> <p>CFO, Rahul Bose Bachelor of Arts (Honours) in Economics from Shriram College of Commerce, Delhi University and holds a Post Graduate Diploma in Management (PGDM) from Indian Institute of Management (IIM), Ahmedabad. He has over 12 years experience in corporate finance & strategy, mergers & acquisitions and financing BOT infrastructure projects. Prior to ICICI OneSource, he worked with ICICI Ltd. for over 8 years. He spent four years in Enron India where he was responsible for Finance and M&A.</p> <p>Chief Marketing Officer (India), Supriyo Sanyal Graduate from IIT (Indian Institute of Technology), Kharagpur. He has worked with HCL Reprographics, India Satcom Limited (ISL) and Wipro-British Telecom (later Bharti BT) in product management and marketing. He also worked as a Global Services Manager at Cisco.</p> <p>President & COO, Raju Bhatnagar Graduate from B.I.T.S. Pilani and postgraduate from the Indian Institute of Foreign Trade. He worked with ANZ Grindlays Bank as the Country Manager – Operations, Times Bank as Head of Operations and eFunds as Vice President - Operations.</p>
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