Celebrating Two Decades of Analytical Excellence

Date: January 16, 2014

The National Stock Exchange India Ltd.
Listing Department
Exchange Plaza
Bandra Kurla Complex
Bandra (East)
Mumbai 400 051

Dear Sir,

Subject: Launch of ARC Ratings

As you are aware CARE Ratings is a partner in the international rating agency ARC Ratings. We wish to inform you that ARC Ratings is being formally launched on 16th January 2014 and the press release for the same is attached for your kind information.

Thanking you,

Yours faithfully,
For Credit Analysis and Research limited

Navin Kumar Jain
Company Secretary

Encl: As above

PRESS RELEASE

16th January 2014

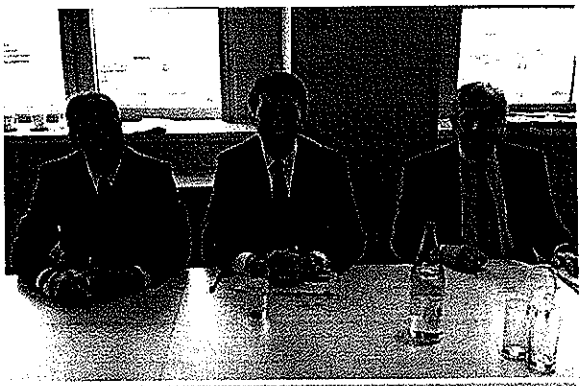
ARC RATINGS world partners | CARE Ratings Professional Risk Opinion

International credit rating agency ARC Ratings, S.A., launches in London:

ARC offers innovative methodologies free from conflict of interest

Key highlights

- ARC Ratings (ARC) is an international credit rating agency based in Europe with global reach and profile
- ARC is network-based and combines the knowledge of five experienced partners from four continents
- The cumulative strength of the five partners is as follows
  - Average 20 years of experience in credit rating
  - Over 6000 clients
  - Over 400 ratings analysts
  - Located in 18 offices in 9 countries
  - Strong financials with turnover of around $ 50 mn and cash at hand being $ 85 mn



Mr. D.R. Dogra, *MD & CEO, CARE Ratings - Board Member & Non-Executive Chairman of ARC Ratings, S.A.* Mr. Uwe Bott, *Chief Ratings Officer* and Mr. José Poças Esteves, *Executive Director & CEO of* ARC Ratings, S.A.

- ARC addresses the global markets' need for a new approach to rating risk which will, empower investors to take better informed investment decisions thus optimizing the efficient allocation of global capital
- ARC avoids conflict of interest issues through its code of corporate governance and rating methodologies
- ARC is free from any geographical or institutional bias
- ARC combines a multi-presence and multi-perspective approach with local expertise
- ARC introduces a new rating scale which focuses on levels of risk rather than distinguishing between investment grade and non-investment grade
- ARC is introducing two holistic rating innovations:
  - Systemic Risk Rating (SRR) which allows for a holistic view of emerging risks integrated into all credit ratings, and a
  - Financial Stability Rating (FSR) along the entire rating scale to serve as a rating ceiling in jurisdictions, where appropriate.

London, January 16, 2014 - Five credit rating agencies (CRAs) from Europe, Asia, Africa and Latin America have jointly created ARC Ratings S.A., a European and network-based CRA which aims to address the global markets' need for a new approach to rating risk. Through its unique and innovative approach, ARC aims to empower investors to take better investment decisions and thus optimize the efficient allocation of global capital.

Independent from issuers and investors and free from any geographical or institutional bias, ARC's corporate governance code and rating methodology is different from that of other established rating agencies and aims to avoid conflict of interest in the rating process.

Global integration and technological advancement have led to a dynamically changing world which has fundamentally altered the way financial markets operate. The world economy has become multi-polar and highly interconnected. ARC aims to address these developments by offering an independent, multi-perspective approach and local expertise to the benefit of issuers and investors alike. ARC aims to rebuild trust and enhance reliability and transparency in the credit rating industry.

ARC combines its multi-presence and multi-perspective approach with local expertise: five experienced partners from four continents will work together in different contexts and challenges, using their individual experience to contribute to a new, open-minded and holistic rating process.

CARE Ratings has, for instance, already made global forays by having its operations in the Republic of Maldives. CARE has also entered into arrangements with other organizations in countries like Mauritius, Nigeria and Ecuador for provision of technical expertise, risk management solutions as well as expanding rating activity in new territories.

PRESS RELEASE

16th January 2014

ARC will rate sovereign debt, financial institutions, non-financial corporations as well as structured products. Ratings will include those of mid-sized issuers, which have been largely pre-empted from access to capital markets in the past, but are of growing importance in a rapidly changing global environment. Mid-sized companies are the backbone of many economies and need to diversify their funding sources and reduce their dependency on bank finance. Therefore there is a strong need for greater coverage of credit risk assessment for these companies. This will help these mid-size companies and the economies they are located in to grow further.

ARC is introducing two innovative rating concepts:

- Systemic Risk Rating (SRR) which allows for a holistic view of emerging risks integrated into all credit ratings and a
- Financial Stability Rating (FSR) along the entire rating scale to serve as a rating ceiling in jurisdictions, where appropriate.

ARC will also introduce a reconfigured rating scale that does not distinguish between investment grade and non-investment grade but instead distinguishes between different levels of risk. ARC's methodology will be dynamically adapted to keep pace with market needs.

ARC Ratings is registered with ESMA (European Securities and Markets Authority), thus complying with strict regulation standards.

Speaking on the occasion, Mr D.R. Dogra, MD & CEO, CARE Ratings who is also the Non-Executive Chairman of ARC Ratings, SA said,' We at ARC Ratings have developed highly analytical models to provide robust ratings to a wide variety of instruments across various industry segments besides sovereigns which will set new benchmarks in the financial world. The dual concept of Systemic isk Rating and Financial Stability Rating are unique and will provide a more comprehensive and pragmatic view on credit risk'.

Mr. José Poças Esteves, ARC Chief Executive Officer, said: "The world has changed dramatically since the collapse of the U.S. sub-prime debt market in 2008 which triggered the credit crunch. ARC and its five founding partners believe that the old methods and approaches are no longer sufficient for the post-Lehman financial sector landscape."

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ARC supplementary information

Origins and Structure:

ARC Ratings is a product of the transformation of Companhia Portuguesa de Rating, S.A. (CPR), a European CRA established 25 years ago in Portugal.

ARC Ratings' structure consists of a multi-country shareholding, through a holding company based in Singapore, owned by five shareholders from five different jurisdictions in four different continents: it would be useful to give web sites in brackets for each agency.CARE Ratings (India), GCR (South Africa), MARC (Malaysia), SaeR (a former Portuguese CRA which was the owner of 100% of CPR) and SR Rating Group (Brazil). A broadening of the shareholder base is planned for the future. Each partner's shareholding is capped at a maximum of 25%.

All ARC partners are committed to the organizational structure, which reflects and recognizes the special nature of this global-local entity and represents a flat network-based organization that is adaptive to change.

Governance and Methodology:

The knowledge and expertise of the five partners (and future partners), through a formal Knowledge Network, combined with critical thinking and outside experts' opinion at all levels in the rating process (through an Advisory Board and a Strategy Board), allows for a broader spectrum of viewpoints thus limiting any bias in credit ratings..

Network-based knowledge acquisition and sharing also provides an independent, systemic and holistic multi-perspective of emerging risks (and not necessarily limited to credit risk).

Among other distinctive approaches, and recognizing the increasing role of financial institutions, ARC Ratings replaces the commonly used sovereign ceiling with a financial stability ceiling, arrived at by the financial stability rating of the respective jurisdiction, where appropriate. No issuer's rating can exceed this rating ceiling.

One of ARC Ratings' key objectives is to restore the credit ratings agency's anticipatory role. The company adopts a stable credit rating principle, with methodologies that are forward looking and based on stability, therefore avoiding misleading short-term perceptions.

ARC Ratings bases its credit rating activity on observations and analytical research , and is not formula based, continuously reviewing developments, both at a company and at a macroeconomic level.

ARC Ratings does not recommend whether or not to invest in a certain asset. The decision to invest lies with the investor, according to his / her opinion on the risk / reward relationship and other factors. Therefore, ARC Ratings does not follow the traditional dichotomy of dividing rating scales into investment / non-investment grades. ARC Ratings' rating scale of 10 notches simply points out whether the credit risk of an obligation is within a low, moderate or high risk range, or if default is imminent or has already occurred.

Mr. Uwe Bott, ARC's Chief Ratings Officer, said: "Credit ratings are opinions and ultimately judgment calls on the ability and willingness of an entity to fulfil its obligations. They should not be recommendations of whether or not to invest in a certain asset. Investors should take them into account by incorporating them into their own credit risk assessments, avoiding the mechanical use of credit ratings."

Rating Universe:

The company has a competitive offering, and will assign credit ratings in all credit rating segments, from very large to big as well as mid-sized issuers, public or private, simple or complex, financial or non-financial, allowing a broad spectrum of issuers' access to credit ratings, which is fundamental for all issuers to improve their financing conditions.