CARE Ratings
Professional Risk Opinion

20 PLUS YEARS Analytical Excellence

Date: October 06, 2016

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

Dear Madam,

This is with regard to your email on October 04, 2016 seeking clarification with regard to our intimation that the Board of Directors of our Company at its meeting held on September 27, 2016 accorded its approval to invest approx. Rs. 1.60 crores (NR 2.55 crores) i.e. 51% of the total paid up share capital of approx Rs. 3.125 crores (NR 5 crores) in the Joint Venture Company with Vishal Group Limited and Emerging Nepal Limited to start a credit rating agency in Nepal subject to the regulatory approvals. The details required are as follows:

No	Queries	Comments
1.	Domestic / International	International (In Nepal)
2.	Share Exchange Ratio / JV Ratio	Credit Analysis and Research Limited will hold **51% stake** in the Joint Venture Company. VISHAL GROUP (comprising VISHAL GROUP LIMITED and Mr. Ashok Agrawal – individual representing VISHAL GROUP) – **19% stake** EMERGING NEPAL LIMITED – **10% stake** Bank(s) / insurance company(ies) / financial institution(s) / body corporate(s) in Nepal - **20% stake** (Restricted to maximum 9% per legal entity.)
3.	Scope of business operation of agreement / JV	To incorporate a credit rating agency in Nepal.

CORPORATE OFFICE: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai 400 022.
Tel.: +91-22-6754 3456; Fax: +91-22-6754 3457 | Email: care@careratings.com | www.careratings.com

4.	Details of consideration paid / received in agreement / JV	No consideration has been paid till date. The remittance of funds will be made only after obtaining the approval of Reserve Bank of India.
5.	Significant terms and conditions of agreement / JV in brief	Till date only the Memorandum of Understanding (MOU) has been executed between the parties to incorporate a Joint Venture Company in Nepal. The company is yet to be set up. As mentioned earlier in this document, CARE shall hold 51% stake in the JV.
6.	Whether the acquisition would fall within related party transactions and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at? arm's length"	In this Joint Venture (JV), the company, Credit Analysis and Research Limited (CARE) will hold 51% stake. This JV will be a subsidiary of CARE. CARE does not have any promoters in its list of shareholders.
7.	Size of the entity(ies)	Total paid up share capital of approx Rs. 3.125 crores (NR 5 crores)
8.	Rationale and benefit expected	CARE seeks to expand its business outside India. Currently, there is only one credit rating agency operating in Nepal.

The above is for your information and records.

Thanking you,

Yours faithfully,
For Credit Analysis and Research Limited

Mahendra Naik
Company Secretary