

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Letter of Offer ('LoF') is sent to you as a Shareholder(s) of **ICRA Limited**. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or the Manager to the Offer or the Registrar to the Offer. In case you have recently sold your Equity Shares, please hand over this LoF and the accompanying form of acceptance and transfer deed to the member of Stock Exchange through whom the said sale was effected.

Moody's Singapore Pte Ltd

a company incorporated under the laws of Singapore
80 Raffles Place #48-01, UOB Plaza, Singapore 048624. Tel: +65 6512-9595, Fax: +65 6512-9500.
along with following Persons Acting in Concert

Moody's Investment Company India Private Limited

a company incorporated under the laws of India
Electric Mansion, 3rd Floor, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025, India, Tel: +91-22-24707793, Fax: +91-22-24331390.
And

Moody's Corporation

a company incorporated in U.S.A. under the laws of the State of Delaware
Registered Office: c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801 Tel: +1 (302) 777-0200,
Fax: +1 (302) 658-2919.
Executive Office: 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, USA, Tel: +1 (212) 553-0300,
Fax: +1 (212) 553-0084.

Make a cash offer at Rs. 2,000 (Rupees two thousand) per Equity Share to acquire
up to 2,650,000 Shares representing 26.5% of the Voting Share Capital of

ICRA Limited

a company registered under the laws of India
Reg. Off.: 1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi - 110001, India, Tel: +91-11-23357940-50,
Fax: +91-11-23357014.

Attention:

1. The Offer is being made pursuant to Regulation 3(2) and Regulation 4 of the Regulations.
2. The Offer is conditional and is subject to a minimum level of acceptance of 2,149,101 (two million one hundred and forty nine thousand one hundred and one) Equity Shares representing 21.5% (twenty one point five percent) of the Voting Share Capital of the Target Company.
3. The Acquirer has received approval from the RBI dated 28 April 2014 under the FEMA and the regulations made thereunder for acquiring Equity Shares validly tendered under this Offer by NRIs and OCBs, if any and the Target Company has received approval dated 19 May, 2014 from SEBI under the SEBI (Credit Rating Agencies) Regulations, 1999, for change in control of the Target Company.
4. This Offer is not a competing offer in terms of Regulation 20 of the Regulations.
5. If there is any upward revision of the Offer Price or the number of Equity Shares sought to be acquired under this Offer by the Acquirer or PAC until the last permitted date (3 (three) Working Days prior to the commencement of the Tendering Period) for revision, i.e., 28 May 2014, the same shall be informed by way of a public announcement in the same newspapers in which the DPS was published. Such revised Offer Price shall be payable for all the Equity Shares validly tendered any time during the Tendering Period. In the event of withdrawal of this Offer, a public announcement will be made within 2 (two) Working Days of such withdrawal, in the same newspapers in which the DPS was published.
6. **No competing offer has been made to this Offer, as of date of this LoF.**
7. Copies of the PA, the DPS and this LoF (including the Form of Acceptance) are available on SEBI's website (www.sebi.gov.in).

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
	
Citigroup Global Markets India Private Limited 1202, 12th Floor, First International Finance Centre, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 +91 22 6175 9745 (Tel) +91 22 3919 7822 (Fax) Email: icra.openoffer@citi.com Contact Person: Mr. Udayan Kejriwal	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai – 400 078 +91 22 25967878 (Tel) +91 22 25960329 (Fax) Email: icra.offer@linkintime.co.in Contact Person: Mr. Pravin Kasare

Activity	Day and date (Original Schedule)	Day and date (Revised Schedule)
PA Date	21 February 2014 (Friday)	21 February 2014 (Friday)
Date of publication of the DPS (within 5 (five) Working Days of the PA)	03 March 2014 (Monday)	03 March 2014 (Monday)
Last date for a competing offer (within 15 (fifteen) Working Days of the DPS)	25 March 2014 (Tuesday)	25 March 2014 (Tuesday)
Identified Date (10 th (tenth) Working Day prior to commencement of the Tendering Period)	04 April 2014 (Friday)	20 May 2014 (Tuesday)
Last date by which LoF will be dispatched to the Shareholders (Within 7 (seven) Working Days from, receipt of comments by SEBI)	15 April 2014 (Tuesday)	27 May 2014 (Tuesday)
Last date for the revision of the Offer Price/number of Equity Shares (up to 3 (three) Working Days prior to the commencement of the Tendering Period)	17 April 2014 (Thursday)	28 May 2014 (Wednesday)
Last date by which the committee of independent directors constituted by the Board of Directors of the Target Company shall give its recommendation (up to 2 (two) working days prior to the commencement of the Tendering Period)	21 April 2014 (Monday)	30 May 2014 (Friday)
Date of commencement of Tendering Period (within 12 (twelve) Working Days of receipt of comments from SEBI)	23 April 2014 (Wednesday)	3 June 2014 (Tuesday)
Date of expiry of Tendering Period	08 May 2014 (Thursday)	16 June 2014 (Monday)
Date of payment of consideration (net of applicable taxes) to the Shareholders whose Equity Shares are validly accepted under this Offer	23 May 2014 (Friday)	30 June 2014 (Monday)

RISKS RELATING TO THE OFFER

The Acquirer has received approval from the RBI dated 28 April 2014 under the FEMA and the regulations made thereunder for acquiring Equity Shares validly tendered under this Offer by NRIs and OCBs, if any. The RBI has granted such approval on the basis of a specific list of NRI/OCB shareholders furnished to the RBI. The RBI has advised the Acquirer to approach the RBI for an approval in the event that any NRI/OCB shareholder who was not part of such list, tenders its shares in the Offer. Further, the Target Company has also received an approval dated 19 May 2014 from SEBI under the SEBI (Credit Rating Agencies) Regulations, 1999 for the change of control of the Target Company as contemplated under this Offer. If any other statutory approvals are required, this Offer would become subject to receipt of such other statutory approvals. The Acquirer and the PAC will not proceed, in accordance with Regulation 23 of the Regulations, with this Offer in the event that such statutory approvals that are required are refused. This Offer would be subject to all other statutory approvals that may become applicable at a later date but before the completion of this Offer.

In the event that either: (a) statutory approvals are not received in time, (b) there is any litigation leading to a stay or injunction on the Offer or that restricts or restrains the Acquirer or PAC from performing its obligations hereunder, or (c) SEBI instructs the Acquirer or PAC not to proceed with the Offer, then the Offer process may not proceed or may be delayed beyond the schedule of activities indicated in this LoF. Consequently, in the event of any delay, the payment of consideration to the Shareholders whose Equity Shares are accepted under the Offer as well as the return of Equity Shares not accepted under the Offer by the Acquirer or PAC may be delayed. In case of delay/non-receipt of any statutory approval, SEBI may, if satisfied that non-receipt of the requisite approvals was not due to any wilful default or neglect of the Acquirer or PAC or failure of the Acquirer or PAC to diligently pursue the application for the approval, grant extension of time for the purpose of completion of this Offer, subject to the Acquirer and PAC agreeing to pay interest to the Shareholders as directed by SEBI, in terms of Regulation 18(11) of the Regulations. Where the statutory approvals extend to some but not all the Shareholders, the Acquirer and PAC will have the option to make payment of the consideration to such Shareholders in respect of whom no statutory approvals are required in order to complete this Offer.

The tendered Equity Shares and documents will be held by the Registrar to the Offer until the process of acceptance of Equity Shares and the payment of consideration is completed. The Shareholders will not be able to trade in such Equity Shares which are in the custody of the Registrar to the Offer. During such period, there may be fluctuations in the market price of the Equity Shares. Neither the Acquirer nor the PAC make any assurance with respect to the market price of the Equity Shares during or after the period that the Offer is open or upon completion of the Offer and disclaim any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.

The Acquirer, the PAC and the Manager to the Offer accept no responsibility for the statements made otherwise than in this LoF or the PA or the DPS and anyone placing reliance on any other source of information would be doing so at his/her/its own risk.

In the event of oversubscription in the Offer, the acceptance will be proportionate in accordance with the Regulations in consultation with the Manager to the Offer in a fair and equitable manner and hence, there is no certainty that all the Equity Shares tendered by the Shareholders in this Offer will be accepted.

The Shareholders who have lodged their acceptance to this Offer are not entitled to withdraw such acceptance during the Tendering Period, even if the acceptance of the Equity Shares in this Offer and dispatch of consideration are delayed.

The Shareholders are advised to consult their respective tax advisors for assessing the tax liability pursuant to this Offer, or in respect of other aspects such as the treatment that may be given by their respective assessing officers, and the appropriate course of action that they should take. The Manager to the Offer does not accept any responsibility for the accuracy or otherwise of the tax provisions set forth in this LoF.

This Offer is conditional on a minimum level of acceptance by the Shareholders of 2,149,101 (two million one hundred and forty nine thousand one hundred and one) Equity Shares representing 21.5% (twenty one point five percent) of the Voting Share Capital. If the number of Equity Shares (which can be validly accepted as per the terms and conditions set out in this LoF) tendered in terms of the Offer is less than 2,149,101 (two million one hundred and forty nine thousand one hundred and one) Equity Shares, the Acquirer shall not accept any Equity Shares tendered.

The Manager to the Offer accepts no responsibility for statements made otherwise than in the PA, the DPS, and this LoF or in the post issue advertisement or any corrigendum issued by or at the instance of the Acquirer and the PAC. Any person placing reliance on any other source of information will be doing so at its own risk.

RISKS RELATING TO ACQUIRER, PAC AND THE TARGET COMPANY

There is no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.

The Acquirer and PAC make no assurance with respect to the future financial performance of the Target Company.

The Acquirer and PAC cannot provide any assurance with respect to the market price of the Equity Shares before, during or after the Offer and each of them expressly disclaims any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any Shareholder on whether to participate or not to participate in the Offer.

The risk factors set forth above are not intended to cover a complete analysis of all risks as perceived in relation to the Offer or in association with the Acquirer or PAC or the Target Company, but are only indicative. They do not relate to the present or future business or operations of the Target Company or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a Shareholder in the Offer. Shareholders are advised to consult their stock broker, investment consultant or tax advisors, for further risks with respect to their participation in the Offer.

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Key Definitions

Acquirer	Moody's Singapore Pte Ltd, a company incorporated on 12 October 1994 under the laws of Singapore and having its registered office at 80 Raffles Place #48-01, UOB Plaza, Singapore 048624. Tel: +65 6512-9595, Fax: +65 6512-9500
Board of Directors	Board of Directors of the Acquirer or PAC or the Target Company, as the case may be
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
DP	Depository Participant as registered with SEBI
DPS	Detailed Public Statement, which was published on 03 March 2014 in all editions of Financial Express and Jansatta and the Mumbai edition of Navshakti, issued by the Manager to the Offer, on behalf of the Acquirer and the PAC, in compliance with Regulation 13(4) and Regulation 15(2) of the Regulations
Equity Share(s)	Each fully paid-up equity share of the Target Company having a face value of Rs.10 (ten) each
FEMA	Foreign Exchange Management Act, 1999, as amended time to time
FI	Financial Institutions
FII	Foreign Institutional Investor
Form of Acceptance	Form of Acceptance-cum-Acknowledgement attached to this LoF
Identified Date	Tenth Working Day prior to commencement of the Tendering Period for purpose of determining the Shareholders to whom this LoF shall be sent i.e., 20 May 2014
IFSC	International Financial System Code
IT Act	Income-tax Act, 1961
LoF/Letter of Offer	This Letter of Offer dated 22 May 2014
Manager to the Offer	Citigroup Global Markets India Private Limited, the merchant banker in terms of regulation 12 of the Regulations appointed by the Acquirer and the PAC pursuant to the Regulations, having its registered address at 1202, 12th Floor, First International Finance Centre, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051. Tel: +91 22 6175 9745, Fax: +91 22 3919 7822, Email: icra.openoffer@citi.com, Contact person: Mr. Udayan Kejriwal
MF	Mutual Funds
Mn/Million	1,000,000 units
Moody's Group	Various Moody's entities across the world including the Acquirer and the PAC
NRI	Non-resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Body as defined in Foreign Exchange Management (Deposit) Regulations, 2000
Offer	The Offer being made by the Acquirer and the PAC for acquiring up to 2,650,000 (two million six hundred and fifty thousand) Equity Shares representing 26.5% (twenty six point five percent) of the Voting Share Capital, from the Shareholders at the Offer Price payable in cash
Offer Price	Price of Rs. 2,000 (Rupees two thousand) per Equity Share
Offer Size	2,650,000 (two million six hundred and fifty thousand) Equity Shares representing 26.5% (twenty six point five percent) of the Voting Share Capital
PAC/Persons Acting in Concert	PAC means: 1. Moody's Investment Company India Private Limited, a company incorporated on 14 July 1999 and registered under the laws of India having its registered office at Electric Mansion, 3rd Floor, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India, Tel: +91-22-24707793 Fax:

	+91-22-24331390 (“ PAC-1 ”) 2. Moody’s Corporation, a company incorporated on 8 April 1998 under the laws of the State of Delaware, with its registered office at c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801 and its executive office at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, U.S.A., Tel: +1(212) 553-0300, Fax: +1(212) 553-0084 (“ PAC-2 ”)
PA	Public Announcement filed (i) on 21 February 2014 with the Stock Exchanges and (ii) on 24 February 2014 with SEBI and the Target Company in accordance with the Regulations
RBI	Reserve Bank of India
Registrar to the Offer	Link Intime India Private Limited registered with SEBI under SEBI (Registrar to Issue and Share Transfer Agents) Rules and Regulations, 1993 (Registration No: INR000004058) having its address at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078. The Contact details of the Registrar to the Offer are +91 22 25967878 and +91 22 25960329
Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereof
Rs./ Rupees	The lawful currency of the Republic of India
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
Shareholder(s)	All shareholders (registered or otherwise) of the Target Company other than the Acquirer and PAC
Stock Exchanges	BSE and NSE
Takeover Regulations 1997	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997
Target Company	ICRA Limited, a company registered under the laws of India and having its registered office at 1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi-110001, India, Tel: +91-11-23357940-50, Fax: +91-11- 23357014
Tendering Period	The 10 (ten) Working Day period from 3 June 2014 to 16 June 2014 (both days inclusive)
U.S.A.	The United States of America
Voting Share Capital	Total fully diluted voting Equity Share capital of the Target Company
Working Day	Working day as defined under the Regulations

CURRENCY OF PRESENTATION

In this LoF, all references to “INR” or “Rs.” are references to the Indian National Rupee(s) (“**INR**”). Certain financial details contained in this LoF are denominated in United States Dollars (“**USD**”) and Singapore Dollars (“**SGD**”). The rupee equivalent quoted in each case for USD is calculated based on the RBI reference rate of Rs. 62.16 per USD as on 21 February 2014 (Source: Reserve Bank of India - <http://www.rbi.org.in>). The rupee equivalent quoted in each case for SGD is calculated based on the exchange rate of Rs. 49.05 per SGD as on 21 February 2014 (Source: Bloomberg). Please note that all financial data contained in USD and SGD in this LoF has been rounded off to the nearest million or thousand (as applicable) and all financial data contained in rupees in this LoF has been rounded off to the nearest million or thousand (as applicable), except where stated otherwise.

Note: All capitalized terms used in this LoF, but not otherwise defined herein, shall have the meanings ascribed thereto in the Regulations.

1. Disclaimer Clause

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF ICRA LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRER, PAC OR THE TARGET COMPANY WHOSE SHARES ARE/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 10 MARCH 2014 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

2. DETAILS OF THE OFFER

2.1 Background to the Offer

- 2.1.1 This Offer is being made to the Shareholders of the Target Company under Regulation 3(2) of the Regulations as a result of the decision/intention of the Acquirer to increase the shareholding of the Acquirer and the PAC in the Target Company by way of acquisition of up to 26.5% (twenty six point five percent) of the Voting Share Capital (which together with the present shareholding of the Acquirer and the PAC in the Target Company, would result in the Acquirer and the PAC holding up to 55.009% (fifty five point zero zero nine percent) of the Voting Share Capital) which is more than the 5% (five percent) creeping acquisition limit available to the Acquirer and the PAC under Regulation 3(2) of the Regulations. This Offer is conditional on the Acquirer acquiring at least 21.5% (twenty one point five percent) of the Voting Share Capital (which together with the present shareholding of the Acquirer and the PAC in the Target Company, would result in the Acquirer and the PAC holding at least 50.00001% (fifty point zero zero zero zero one percent) of the Voting Share Capital) which will make the Acquirer along with PAC the majority shareholders of the Target Company and consequently in control of the Target Company. Accordingly, this Offer is also being made under Regulation 4 of the Regulations. An important element of Moody's Group's strategy is further growth and expansion in emerging markets such as India. Moody's Group wishes to increase its shareholding to a control position in the Target Company in order to drive continued investment in India, capitalize on the favourable long term growth prospects of the Target Company and expand the relationship between the Target Company and Moody's Group. The closer collaboration with the Target Company, its employees and management may allow Moody's Group to offer a broader range of products and services. For employees of the Target Company, the strengthened ties with Moody's Group may offer increased career development opportunities.
- 2.1.2 The Acquirer and the PAC are making this conditional Offer to the Shareholders to acquire up to 2,650,000 (two million six hundred and fifty thousand) Equity Shares representing 26.5% (twenty six point five percent) of the Voting Share Capital. PAC-1 is the promoter of the Target Company and currently holds 2,850,900 (two million eight hundred fifty thousand and nine hundred) Equity Shares amounting to 28.509% (twenty eight point five zero nine percent) of the Voting Share Capital. Other than the shareholding of PAC-1 in the Target Company, the Acquirer and the PAC do not own any Equity Shares.
- 2.1.3 This Offer is not made pursuant to any indirect acquisition, arrangement or agreement and is a conditional offer.
- 2.1.4 This Offer is not a result of a global acquisition, an open market purchase or a negotiated deal.
- 2.1.5 Neither the Acquirer nor PAC have been prohibited by SEBI from dealing in securities, in terms of any direction issued under Section 11B of SEBI Act or under any of the regulations made under the SEBI Act.
- 2.1.6 As of the date of this LoF, two members of the Board of Directors of the Target Company, Simon Hastilow and Min Ye are representatives of PAC-1. The Acquirer and the PAC reserve the right to seek reconstitution of the Board of Directors of the Target Company after/upon completion of the Offer, in accordance with the provisions contained in the Regulations and the Companies Act, 2013. However, as of the date of this LoF, the Acquirer and the PAC have not made any definitive decision on the reconstitution of the Board of Directors of the Target Company and no persons have been identified for such nomination.
- 2.1.7 The committee of independent directors formulated by the Board of Directors of the Target Company in accordance with Regulation 26 of the Regulations, is required to publish a reasoned recommendation for the Offer at least 2 (two) Working Days before the commencement of the Tendering Period in the same newspapers in which the DPS was published. As on date of this LoF, the committee of independent directors are yet to provide their recommendation.
- 2.1.8 Based on the Offer Size and the current shareholding of the Acquirer and the PAC in the Target Company, pursuant to the successful closure of this Offer and assuming full acceptances, the public shareholding in the Target Company shall not fall below 25% (twenty five percent) of the Voting Share Capital which is the minimum public shareholding required for listing on a continuous basis. In the event the public shareholding falls below 25% (twenty five percent) of the Voting Share Capital pursuant to this Offer, the Acquirer and the PAC shall bring down the non-public shareholding in the Target Company to the level specified and within the time prescribed in the Securities Contract (Regulations) Rules, 1957.

2.2 Details of the proposed offer

2.2.1 The DPS was published in the following newspapers:

Newspaper	Language	Editions	Date of Publication
Financial Express	English	All editions	03 March 2014
Jansatta	Hindi	All editions	03 March 2014
Navshakti	Marathi	Mumbai edition	03 March 2014

The PA and the DPS are also available on the SEBI website at www.sebi.gov.in.

- 2.2.2 This Offer is to acquire up to 2,650,000 (two million six hundred and fifty thousand) Equity Shares, representing 26.5% (twenty six point five percent) of the Voting Share Capital at a price of Rs. 2,000 (Rupees two thousand) per Equity Share, payable in cash.
- 2.2.3 The Offer is only to acquire the Equity Shares from the Shareholders. There are no partly paid-up Equity Shares outstanding of the Target Company.
- 2.2.4 There is no differential price for the Equity Shares.
- 2.2.5 This is not a competitive bid in terms of Regulation 20 of the Regulations.
- 2.2.6 This Offer is conditional on a minimum level of acceptance by the Shareholders of 2,149,101 (two million one hundred forty nine thousand one hundred and one) Equity Shares representing 21.5% (twenty one point five percent) of the Voting Share Capital. If the number of Equity Shares (which can be validly accepted as per the terms and conditions set out in this LoF) tendered in terms of the Offer is less than 2,149,101 (two million one hundred forty nine thousand one hundred and one) Equity Shares, the Acquirer shall not accept any Equity Shares tendered.
- 2.3 The Manager to the Offer does not hold any Equity Shares as on the date of this LoF.
- 2.4 Neither the Acquirer nor the PAC hold any Equity Shares as of the date of this LoF other than the Equity Shares held by PAC-1 as mentioned in paragraph 3.2.6 below.
- 2.5 In terms of Regulation 18(4) of the Regulations, the Acquirer is permitted to revise the Offer Price at any time prior to the commencement of the last 3 (three) Working Days before the commencement of the Tendering Period. In the event of such revision, an announcement will be made in the same newspapers in which the DPS was published and the revised offer price would be available for all the Equity Shares tendered any time during the Tendering Period.
- 2.6 The Acquirer and the PAC have not acquired any shares of the Target Company since the date of the PA and up to the date of this LoF.
- 2.7 The Equity Shares will be acquired by the Acquirer fully paid-up, free from all liens, charges and encumbrances and together with the rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof.
- 2.8 This Offer is subject to receipt of the statutory and other approvals mentioned in paragraph 6.6 of this LoF. In terms of Regulation 23 of the Regulations, in the event the statutory approvals are refused, this Offer shall stand withdrawn.
- 2.9 Object of Acquisition/Offer
- 2.9.1 This Offer is being made to the Shareholders of the Target Company under Regulation 3(2) of the Regulations as a result of the decision/intention of the Acquirer to increase the shareholding of the Acquirer and the PAC in the Target Company by way of acquisition of up to 26.5% (twenty six point five percent) of the Voting Share Capital (which together with the present shareholding of the Acquirer and the PAC in the Target Company, would result in the Acquirer and the PAC holding up to 55.009% (fifty five point zero zero nine percent) of the Voting Share Capital) which is more than the 5% (five percent) creeping acquisition limit available to the Acquirer and the PAC under Regulation 3(2) of the Regulations. This Offer is conditional on the Acquirer acquiring at least 21.5% (twenty one point five percent) of the Voting Share Capital (which together with the present shareholding of the Acquirer and the PAC in the Target Company, would result in the Acquirer and the PAC holding at least 50.00001% (fifty point zero zero zero zero one percent) of the Voting

Share Capital) which will make the Acquirer along with PAC the majority shareholders of the Target Company and consequently in control of the Target Company. Accordingly, this Offer is also being made under Regulation 4 of the Regulations. An important element of Moody's Group's strategy is further growth and expansion in emerging markets such as India. Moody's Group wishes to increase its shareholding in the Target Company to a control position in order to drive continued investment in India, capitalize on the favourable long term growth prospects of the Target Company and expand the relationship between the Target Company and Moody's Group. The closer collaboration with the Target Company, its employees and management may allow Moody's Group to offer a broader range of products and services. For employees of the Target Company, the strengthened ties with Moody's Group may offer increased career development opportunities.

- 2.9.2 The Offer to the Shareholders of the Target Company is to acquire up to 26.5% (twenty six point five percent) of the Voting Share Capital.
- 2.9.3 Neither the Acquirer nor the PAC at present have any intention to sell, dispose of or otherwise encumber any material assets of the Target Company in the next 2 (two) years from the expiry of the Offer, except to the extent required in the ordinary course of business of the Target Company (including the disposal of specific service lines of the Target Company pursuant to the broader strategy of the Moody's Group). The Target Company's future policy in relation to these matters, if any, will be decided subject to the relevant regulations or any other applicable laws or legislation at the relevant time. Further, during such period of 2 (two) years, except as disclosed above in this paragraph, the Acquirer undertakes not to sell, dispose of or otherwise encumber any material assets of the Target Company, without the prior approval of the Shareholders of the Target Company through special resolution by way of postal ballot in accordance with Regulation 25(2) of the Regulations.

3. BACKGROUND OF THE ACQUIRER AND PAC

3.1 Background of the Acquirer: Moody's Singapore Pte Ltd

- 3.1.1 The Acquirer is a private company registered under the laws of Singapore with its registered office at 80 Raffles Place #48-01, UOB Plaza, Singapore 048624. The contact details of the Acquirer are as follows: Tel: +65 6512-9595, Fax: +65 6512-9500.
- 3.1.2 The Acquirer is a group investment holding company for PAC-2's wholly owned subsidiaries and PAC-2's joint venture investments in Australia, Singapore, Korea, Mauritius and India. The Acquirer provides support services to other group entities of Moody's Group and is part of the Moody's Group.
- 3.1.3 The Acquirer was incorporated under the name Moody's Singapore Pte Ltd.
- 3.1.4 The Acquirer is a wholly owned subsidiary of Moody's Asia Pacific Limited, being a company incorporated under the laws of Hong Kong and having its registered office at 24/F, One Pacific Place, 88 Queensway, Admiralty, Hong Kong. PAC-2 is the ultimate holding company of various entities across the world forming a part of the Moody's Group including Moody's Asia Pacific Limited, the Acquirer and PAC-1.
- 3.1.5 The person ultimately in control of the Acquirer is PAC-2.
- 3.1.6 The provisions of Chapter V of the Regulations and Chapter II of the Takeover Regulations 1997 are not applicable to the Acquirer with respect to the Target Company since the Acquirer has not directly acquired or sold any Equity Shares. However, in the event of any non-compliance, SEBI may take appropriate action in respect of the same.
- 3.1.7 The paid-up equity share capital of the Acquirer as on the date hereof is SGD 306,397,579.64 (Singapore Dollars three hundred six million three hundred ninety seven thousand five hundred seventy nine and sixty four cents) (approximately Rs. 15,028,801,281.34 (Rupees fifteen billion twenty eight million eight hundred one thousand two hundred eighty one and thirty four paise)) comprising 718,683 (seven hundred eighteen thousand six hundred and eighty three) shares with no par value, held entirely by Moody's Asia Pacific Limited.
- 3.1.8 The shareholding pattern of the Acquirer as on the date of this LoF is given below:

Sl. No.	Shareholder's Category	Number of shares held	Percentage
1.	Promoters – Moody's Asia Pacific Limited	718,683	100.00
2.	FII/ Mutual-Funds/ FIs/ Banks	-	-
3.	Public	-	-
	Total Paid-Up Capital	SGD 306,397,579.64 (Rs. 15,028,801,281.34)	100.00

- 3.1.9 The Acquirer does not have any relationship/interest in the Target Company other than (i) the shareholding of PAC-1 (which is an indirect subsidiary of the Acquirer) in the Target Company; (ii) the fact that Min Ye and Simon Hastilow are the nominee directors of PAC-1 on the Board of Directors of the Target Company; and (iii) the fact that Min Ye is a director of the Acquirer and is also on the Board of Directors of the Target Company.
- 3.1.10 The Board of Directors of the Acquirer comprises the following members:

Name of the Director	Director Identification Number (if applicable)	Designation	Date of Appointment	Qualifications	Experience
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Min Ye	06552282	Director	04.02.13	- Ph.D in computer and electrical engineering, Carnegie Mellon University, U.S.A.; and - Master of Engineering in electrical engineering, Tsinghua University, Beijing.	- Presently Managing Director and Regional Head of Moody's Asia Pacific; - Managing Director and Country Manager for Moody's China; and - Chief Executive Officer of China Chengxin International Credit Rating Co. Limited.
Philipp Lukas Lotter	NA	Director	31.05.13	Diploma from the Frankfurt Business School of Finance & Management.	Country Manager for Moody's Investors Service in Singapore and Managing Director of Moody's Corporate Finance Group.

3.1.11 Min Ye is the only director on the Board of Directors of the Acquirer who is also on the Board of Directors of the Target Company. The Acquirer does not presently have any representation (other than the nominees appointed by PAC-1) on the Board of Directors of the Target Company.

3.1.12 Brief audited financial particulars of the Acquirer for last 3 (three) years (ending 31 December) are as under:

(in SGD 000's, unless stated)

Profit & Loss Statement	Financial Year 2010	Financial Year 2011	Financial Year 2012	Period ending 30.09.13 *
Income from Operations ⁽¹⁾	8,460	7,864	8,146	9,027
Other Income	1	24	12	(32)
Total Income	8,461	7,888	8,158	8,995
Total Expenditure (excluding depreciation)	15,529	(31,590)	25,006	(22,588)
Profit Before Depreciation, Interest (net) and Taxes	23,990	(23,702)	33,164	(13,593)
Depreciation	(75)	(84)	(252)	(210)
Interest (Net) ⁽²⁾	15	14	(90)	(212)
Profit Before Tax	23,930	(23,772)	32,822	(14,015)
Provision for Tax	(603)	(396)	(425)	(577)
Profit After Tax	23,327	(24,168)	32,397	(14,592)
Balance Sheet Statement	Financial Year 2010	Financial Year 2011	Financial Year 2012	Period ending 30.09.13 *
<i>Sources of funds</i>				
Paid-up share capital	306,398	306,398	306,398	306,398
Reserves and Surplus (excluding revaluation reserve) ⁽³⁾	(101,696)	(126,100)	(94,001)	(108,611)
Net worth	204,702	180,298	212,397	197,787
Secured Loans	-	-	-	-
Unsecured Loans ⁽⁴⁾	679	967	13,216	12,692
Total	205,381	181,265	225,613	210,479
<i>Uses of funds</i>				
Net Fixed Assets ⁽⁵⁾	76	514	393	419
Investments	178,614	156,066	221,459	201,559
Deferred Tax Assets	6	43	112	112
Other Assets	272	149	172	204
Net current assets ⁽⁶⁾	26,413	24,493	3,477	8,185
Total miscellaneous expenditure not written off	-	-	-	-

Total	205,381	181,265	225,613	210,479
Other Financial Data	Financial Year 2010	Financial Year 2011	Financial Year 2012	Period ending 30.09.13 *
Dividend (%)	NA	NA	NA	-
Earnings Per Share ⁽⁷⁾	32.46	(33.63)	45.08	(20.30)

(in INR 000's, unless stated)

Profit & Loss Statement	Financial Year 2010	Financial Year 2011	Financial Year 2012	Period ending 30.09.13 *
Income from Operations ⁽¹⁾	414,963	385,729	399,561	442,774
Other Income	49	1,177	589	(1,570)
Total Income	415,012	386,906	400,150	441,205
Total Expenditure (excluding depreciation)	761,697	(1,549,490)	1,226,544	(1,107,941)
Profit Before Depreciation, Interest (net) and Taxes	1,176,710	(1,162,583)	1,626,694	(666,737)
Depreciation	(3,679)	(4,120)	(12,361)	(10,301)
Interest (Net) ⁽²⁾	736	687	(4,415)	(10,399)
Profit Before Tax	1,173,767	(1,166,017)	1,609,919	(687,436)
Provision for Tax	(29,577)	(19,424)	(20,846)	(28,302)
Profit After Tax	1,144,189	(1,185,440)	1,589,073	(715,738)
Balance Sheet Statement	Financial Year 2010	Financial Year 2011	Financial Year 2012	Period ending 30.09.13 *
<i>Sources of Funds</i>				
Paid-up share capital	15,028,822	15,028,822	15,028,822	15,028,822
Reserves and Surplus (excluding revaluation reserve) ⁽³⁾	(4,988,189)	(6,185,205)	(4,610,749)	(5,327,370)
Net worth	10,040,633	8,843,617	10,418,073	9,701,452
Secured Loans	-	-	-	-
Unsecured Loans ⁽⁴⁾	33,305	47,431	648,245	622,543
Total	10,073,938	8,891,048	11,066,318	10,323,995
<i>Uses of Funds</i>				
Net Fixed Assets ⁽⁵⁾	3,728	25,212	19,277	20,552
Investments	8,761,017	7,655,037	10,862,564	9,886,469
Deferred Tax Assets	294	2,109	5,494	5,494
Other Assets	13,342	7,308	8,437	10,006
Net Current Assets ⁽⁶⁾	1,295,558	1,201,382	170,547	401,474
Total miscellaneous expenditure not written off	-	-	-	-
Total	10,073,938	8,891,048	11,066,318	10,323,995
Other Financial Data	Financial Year 2010	Financial Year 2011	Financial Year 2012	Period ending 30.09.13 *
Dividend (%)	NA	NA	NA	-
Earnings Per Share ⁽⁷⁾	1592.06	(1,649.46)	2,211.09	(995.90)

(1) Income from operations includes service fee income and dividend income.

(2) Interest (net) represents finance income and finance costs.

(3) Comprises share based payment reserve and accumulated losses.

(4) Comprises recharge liability to ultimate holding company, provision and loan from a related corporation.

(5) Comprises property, plant and equipment.

(6) Comprises current assets less current liabilities.

(7) EPS has been calculated as the net profit for the period divided by the number of ordinary shares outstanding as at the balance sheet date of the relevant period. EPS is not disclosed in either the audited standalone financial statements of the Acquirer, or its unaudited condensed interim financial statements.

The above figures have been converted into INR using the exchange rate of 1 SGD = INR 49.05 as on 21 February 2014 (Source: Bloomberg).

**The financial information for the financial years ending 31 December 2012, 31 December 2011 and 31 December 2010 set forth above have been extracted from the audited financial statements of the Acquirer as at and for the financial years ending 31 December 2012, 31 December 2011 and 31 December 2010, respectively, and have been prepared in accordance with Singapore Financial Reporting Standards (“SFRS”) and audited by KPMG LLP, the statutory auditors of the Acquirer. The financial results of the Acquirer as of and for the 9 (nine) months ended 30 September 2013 have been extracted from the Acquirer’s unaudited financial statements which have been prepared in accordance with SFRS 34 – Interim Financial Reporting and subjected to limited review procedures performed in accordance with SSRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity by KPMG LLP, the statutory auditors of the Acquirer.*

3.1.13 The Acquirer is not listed on any stock exchange.

3.1.14 There are no major contingent liabilities of the Acquirer.

3.2 Background of PAC-1: Moody’s Investment Company India Private Limited

3.2.1 PAC-1 is a private limited company registered under the laws of India with its registered office at Electric Mansion, 3rd Floor, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India. PAC-1 was incorporated on 14 July 1999 under the Companies Act, 1956. The contact details of PAC-1 are as follows: Tel: +91-22-24707793 and Fax: +91-22-24331390.

3.2.2 PAC-1 is an investment holding company within the Moody’s Group, is wholly owned by Moody’s Mauritius Holdings Limited and is registered with the RBI as a nonbanking financial company. PAC-1’s main objective is to carry on the business of an investment company and to buy, underwrite, invest, acquire and hold shares issued by any company or body corporate constituted to carry on business in India.

3.2.3 PAC-1 was incorporated under the name Moody’s Investment Company India Private Limited.

3.2.4 PAC-1 is a wholly owned subsidiary of Moody’s Mauritius Holdings Limited, being a company incorporated under the laws of Mauritius and having its registered office at IFS Court, Twenty Eight, Cybercity, Ebene, Mauritius. The Acquirer holds 67.05% (sixty seven point zero five percent) of the paid-up share capital of Moody’s Mauritius Holdings Limited and 32.95% (thirty two point nine five percent) of the paid-up share capital of Moody’s Mauritius Holdings Limited is held by Moody’s Investors Service Limited. PAC-2 is the ultimate holding company of the Moody’s Group including Moody’s Mauritius Holdings Limited, Moody’s Investors Service Limited, PAC-1 and the Acquirer.

3.2.5 The person ultimately in control of PAC-1 is PAC-2.

3.2.6 As of the date of this LoF, PAC-1 is the promoter of the Target Company and holds 2,850,900 (two million eight hundred fifty thousand and nine hundred) Equity Shares amounting to 28.509% (twenty eight point five zero nine percent) of the Voting Share Capital. Two directors on the Board of Directors of the Target Company are nominees of PAC-1.

3.2.7 The applicable provisions of Chapter V of the Regulations and Chapter II of the Takeover Regulations 1997 have been complied with by PAC-1 within the time specified in the Regulations and the Takeover Regulations 1997, respectively. However, in the event of any non-compliance, SEBI may take appropriate action in respect of the same.

3.2.8 The paid-up share capital of PAC-1 is Rs. 204,291,330 (Rupees two hundred four million two hundred ninety one thousand three hundred and thirty) comprising 20,429,133 (twenty million four hundred twenty nine thousand one hundred and thirty three) shares of face value of Rs. 10 (Rupees ten) each, held entirely by its promoter, Moody’s Mauritius Holdings Limited.

3.2.9 The shareholding pattern of PAC-1 as on the date of this LOF is as given below:

Sl. No.	Shareholder’s Category	Number of shares held	Percentage
1.	Promoters – Moody’s Mauritius Holdings Limited	20,429,133	100.00
2.	FII/ Mutual-Funds/ FIs/ Banks	-	-
3.	Public	-	-
	Total Paid-Up Capital	Rs. 204,291,330	100.00

3.2.10 The Board of Directors of PAC-1 comprises the following members:

Sr. No.	Name of the Director	Director Identification Number	Designation	Date of Appointment	Qualifications	Experience
1.	Min Ye	06552282	Director	24.05.13	• Ph.D in computer and electrical engineering, Carnegie Mellon University, U.S.A.; and • Master of Engineering in electrical engineering, Tsinghua University, Beijing.	• Presently Managing Director and Regional Head of Moody's Asia Pacific; • Managing Director and Country Manager for Moody's China; and • Chief Executive Officer of China Chengxin International Credit Rating Co. Limited.
2.	Chi Fai Tang	05121622	Director	21.11.11	• Masters in Business Administration, University of Manchester; • Chartered Accountant, England and Wales; and • Certified Public Accountant, Hong Kong.	• Presently Senior Vice President Finance, Asia Pacific for Moody's; • Regional Finance Director for Asia Pacific, ACNielsen; and • Senior Auditor, Arthur Anderson.
3.	Stuart Martin Hughes	06433469	Director	06.12.12	• Bachelor of Arts, Lancaster University; • Chartered Accountant, England and Wales; and • Chartered Tax Advisor in the United Kingdom.	• Presently, the Managing Director and Financial Controller for International activities of Moody's Corporation; • Director and European Financial Controller, Bank One; • Associate Director and Head of Financial Regulation and Tax in the United Kingdom, Yamaichi Securities; • Assistant Manager, PricewaterhouseCoopers; and • Held various Financial Positions in UK with Bank of Boston.
4.	Anushka Ramchandra Sawant	01788919	Alternate director	31.01.13	• Bachelor of Commerce, Mumbai University; and • Diploma in Personal Secretaryship, Davar's Secretarial College, Andheri.	• Sales and Marketing Department, Wella India Haircosmetics Pvt. Ltd; • Product Development Department, Rosy Blue Jewellery Inc.; • Secretary. Astral Glass Pvt. Ltd.; and • Secretary, Cornerstone Communications Pvt. Ltd.
5.	Denis Lalit Sanghvi	02199854	Alternate director	28.11.11	• Bachelor of Commerce, Mumbai	• Member of Management Team, TMF Services India

Sr. No.	Name of the Director	Director Identification Number	Designation	Date of Appointment	Qualifications	Experience
					- University; and - Member, Institute of Chartered Accountant of India.	- Private Limited; and - Manager, Nitin Shingala & Co.

3.2.11 Min Ye is the only director on the Board of Directors of PAC-1 who is also on the Board of Directors of the Target Company, as a representative of PAC-1. In addition to Min Ye, Simon Hastilow also represents PAC-1 on the Board of Directors of the Target Company.

3.2.12 Brief audited financial particulars of PAC-1 for the last 3 (three) years (ending 31 March) are as under:

(in INR 000's except per share data)

Profit & Loss Statement	Financial Year 2011	Financial Year 2012	Financial Year 2013	Period ending 30.09.13*
Income from Operations	48,465 ⁽¹⁾	48,465 ⁽²⁾	57,018 ⁽²⁾	62,720 ⁽²⁾
Other Income	–	4,742	14,566	8,658
Total Income	48,465	53,207	71,584	71,378
Total Expenditure.	(4,679)	(6,094)	(19,068)	(11,602)
Profit Before Depreciation and Taxes	43,786	47,113	52,516	59,776
Depreciation	(2)	(1)	(2)	(7)
Interest	–	–	–	–
Profit Before Tax	43,784	47,112	52,514	59,769
Provision for Tax	–	(1,494)	(4,736)	(2,811)
Profit After Tax	43,784	45,618	47,778	56,958
Balance Sheet Statement	Financial Year 2011	Financial Year 2012	Financial Year 2013	Period ending 30.09.13*
Sources of funds				
Paid-up share capital	204,291	204,291	204,291	204,291
Reserves and Surplus (excluding revaluation reserves)	214,267	259,885	307,663	364,621
Net worth	418,558	464,176	511,954	568,912
Secured loans	–	–	–	–
Unsecured loans	–	–	–	–
Total	418,558	464,176	511,954	568,912
Uses of funds				
Net fixed assets	1	–	23	43
Investments	298,350	298,350	298,350	298,350
Net current assets	120,207 ⁽³⁾	165,785 ⁽⁴⁾	213,547 ⁽⁴⁾	270,346 ⁽⁴⁾
Other non-current assets	–	40	33	172
Total miscellaneous expenditure not written off	–	–	–	–
Total	418,558	464,176	511,954	568,912
Other Financial Data	Financial Year 2011	Financial Year 2012	Financial Year 2013	Period ending 30.09.13*
Dividend (%)	NA	NA	NA	NA
Earnings Per Share (INR)	2.14	2.23	2.34	2.79

(1) Comprises dividend income.

(2) Comprises dividend income and interest income.

(3) Current assets less current liabilities and provisions.

(4) Current assets less current liabilities.

**The financial information for the financial years ending 31 March 2013, 31 March 2012 and 31 March 2011 set forth above have been extracted from the audited financial statements of PAC-1 as at and for the financial years ending 31 March 2013, 31 March 2012 and 31 March 2011, respectively, and have been prepared in accordance with Indian GAAP and audited by B S R & Co. (a global member firm of KPMG), the statutory auditors of PAC-1. The results of PAC-1 as of and for the 6 (six) months ended 30 September 2013 have been extracted from PAC-1's unaudited financial statements which have been subjected to limited review procedures performed in accordance with Accounting Standards 25 – Interim Financial Reporting by B S R & Co., the statutory auditors of PAC-1.*

3.2.13 PAC-1 is not listed on any stock exchange.

3.2.14 There are no major contingent liabilities of PAC-1.

3.2.15 PAC-1 has violated RBI's instructions by not communicating the change in directors to RBI's regional office within one month from the occurrence of the change.

3.3 Background of PAC-2: Moody's Corporation

3.3.1 PAC-2 is a public company incorporated in the U.S.A. under the laws of the State of Delaware, with its registered office at c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801 and its executive office at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, U.S.A. PAC-2 was incorporated on 8 April 1998 under the Securities Exchange Act of 1934. The contact details of PAC-2 are as follows: Tel: +1(212) 553-0300 and Fax: +1(212) 553-0084.

3.3.2 PAC-2 operates in two reportable business segments: Moody's Investors Service and Moody's Analytics. Moody's Investors Service publishes credit ratings on a wide range of debt obligations and entities that issue such debt obligations in markets worldwide, including various corporate and governmental organizations, structured finance securities and commercial paper programs. Moody's Analytics develops a wide range of products and services that support the credit risk management activities of institutional participants in global financial markets. These offerings include research on major debt issuers, industry studies, quantitative credit risk scores, credit processing software, economic research, analytical models, financial data, valuation models, specialized consulting services and economic and regulatory capital risk management software and implementation services.

3.3.3 PAC-2 was a part of The Old Dun & Bradstreet Corporation ("**Old D&B**") until 30 September 2000. Subsequently Old D&B separated into two publicly traded companies, PAC-2 and The New Dun & Bradstreet Corporation ("**New D&B**"). New D&B comprised the business of Old D&B's Dun & Bradstreet operating company. The remaining business of Old D&B consisted solely of the business of providing ratings and related research and credit risk management services and was renamed Moody's Corporation.

3.3.4 PAC-2 holds its ownership in the Target Company indirectly through PAC-1 and the Acquirer. The Target Company has entered into various related party transactions with PAC-2 under which the Target Company provides a variety of services to PAC-2, including data collection, data entry and other similar services. Additionally, PAC-2, through its subsidiaries, has entered into a technical services agreement with the Target Company under which Moody's Group provides certain services to the Target Company in exchange for a technical services payment.

3.3.5 PAC-2 is the ultimate holding company of the Moody's Group including the Acquirer and PAC-1. PAC-2 is a widely held listed company held 100% (one hundred percent) by institutional and retail shareholders. The paid-up equity share capital of PAC-2 is USD 3,429,022.72 (United States Dollars three million four hundred twenty nine thousand twenty two and seventy two cents) (approximately Rs. 213,148,052.28 (Rupees two hundred thirteen million one hundred forty eight thousand fifty two and twenty eight paise)) comprising 342,902,272 (three hundred forty two million nine hundred two thousand two hundred and seventy two) shares of face value of \$0.01 (one cent) each, of which 128,941,621 (one hundred twenty eight million nine hundred forty one thousand six hundred and twenty one) shares comprised treasury stock and 213,960,651 (two hundred thirteen million nine hundred sixty thousand six hundred and fifty one) shares were outstanding. As of 31 December 2013, Berkshire Hathaway Inc. Investment Management ("**Berkshire Hathaway**"), Capital Research & Management Co. (World Investors) ("**Capital World Investors**") and the Vanguard Group, Inc. were the major shareholders of PAC-2 with Berkshire Hathaway holding 24,669,778 (twenty four million six hundred sixty nine thousand seven hundred and seventy eight) shares totaling 11.53% (eleven point five three percent) of the paid-up equity share capital of PAC-2, Capital World Investors holding 17,239,000 (seventeen million two hundred and thirty nine

thousand) shares totaling 8.06% (eight point zero six percent) of the paid-up equity share capital of PAC-2 and the Vanguard Group, Inc. holding 13,902,945 (thirteen million nine hundred two thousand nine hundred and forty five) shares totaling 6.50% (six point five zero percent) of the paid-up equity share capital of PAC-2. There is no identifiable promoter or promoter group controlling PAC-2.

3.3.6 The provisions of Chapter V of the Regulations and Chapter II of the Takeover Regulations 1997 are not applicable to PAC-2 with respect to the Target Company since PAC-2 has not directly acquired or sold any Equity Shares. However, in the event of any non-compliance, SEBI may take appropriate action in respect of the same.

3.3.7 PAC-2 has been listed on the New York Stock Exchange since 30 September 2000 and is a widely held company with a diverse public shareholding base. No person has a controlling ownership interest in PAC-2. Public filings do not identify any person as the promoter of PAC-2.

3.3.8 The Board of Directors of PAC-2 comprises the following members:

Sr. No.	Name of the Director	Director Identification No. (if applicable)	Designation	Date of Appointment	Qualifications	Experience
1.	Basil Anderson	NA	Director	27.04.04	• M.B.A., Management Sciences and Marketing, University of Chicago; • M.S., Hydraulic Engineering, University of Illinois; and • B.S., Agricultural Engineering, summa cum laude, Technion, Israel Institution of Technology.	• Vice Chairman of Staples Inc. (2001-06); • Executive Vice President and Chief Financial Officer of Campbell Soup Company (1996-01); • Vice President and Chief Financial Officer of Scott Parker Company (1993-95); and • Director on the boards of Staples Inc., Beckton Dickinson and Company and Hasbro Inc.
2.	Jorge Bermudez	NA	Director	19.04.11	• Texas A&M University, Master of Science, Agricultural Economics; and • Bachelor of Science, Agricultural Economics.	• Chief Risk Officer of Citigroup Inc. (2007-08); • Chief Executive Officer of Citigroup's Commercial Business Group in North America and Citibank Texas (2005-07); • Senior Advisor of Citigroup International (2004-06); • Chief Executive Office of Citigroup Latin America (2002-04); • Chief Executive Officer, eBusiness, Global Cash Management and Trade (1998-02); • Head of Citibank Corporate and Investment Bank,

Sr. No.	Name of the Director	Director Identification No. (if applicable)	Designation	Date of Appointment	Qualifications	Experience
						South America (1996-98); and • Director on the Board of Federal Reserve Bank of Dallas, and the Electric Reliability Council of Texas. • Chairman of the Board of Trustees of the Community Foundation of Brazos Valley.
3.	Darrell Duffie	NA	Director	27.10.08	• Stanford University, Ph.D., in Engineering Economic Systems; • University of New England (Australia), Master of Economics (Economic Statistics); and • University of New Brunswick (Canada), B.S. Engineering (Civil Engineering).	• Dean Witter Distinguished Professor of Finance at Stanford University's Graduate School of Business; • Member of The Federal Reserve Bank of New York Financial Advisory Roundtable; • Member of Board of The Pacific Institute of Mathematical Sciences; and • Fellow of the Council of the Econometric Society and the American Academy of Arts & Sciences.
4.	Robert Glauber	NA	Director	17.06.98	• B.A. in Economics from Harvard College; and • Ph.D. in Finance from Harvard Business School.	• Adjunct lecturer at John F. Kennedy School of Government at Harvard University (since 2007); • Senior Advisor of Peter J. Solomon Company (since 2006); • Visiting Professor at Harvard Law School (January 2009 to June 2009) and (September 2006 to June 2007); • Chairman of National Association of Securities Dealers (NASD) (2001-06) and Chief Executive Officer from 2000-06; • Adjunct Lecturer at the John F. Kennedy School of Government at Harvard University (1992-00);

Sr. No.	Name of the Director	Director Identification No. (if applicable)	Designation	Date of Appointment	Qualifications	Experience
						• Under Secretary of the Treasury for Finance (1989-92); • Professor of Finance at the Harvard Business School; • Chairman of XL Group PLC and Northeast Bancorp; and • Vice Chairman of the Trustees of the International Accounting Standards Committee Foundation.
5.	Ewald Kist	NA	Director	08.07.04	Dutch Law Masters, Leiden University, Leiden, The Netherlands.	• Chairman of ING Group N.V. ("ING Group") (2000-04); • Vice Chairman (1999-00) and served as member of Executive Board (1993-99) of the ING Group; • Chairman of Nationale Nederlanden (1991-92); • General Management – the Netherlands, Nationale Nederlanden (1989-91); • President Nationale Nederlanden US Corporation (1986-89); and • Director on the boards of The DSM Corporation, Royal Philips Electronics and Stage Entertainment, Inc.
6.	Raymond McDaniel Jr.	NA	Director	22.04.03	• J.D. from Emory University School of Law; • B.A. in political science from Colgate University; and • Admitted to the Bar of the State of New York in 1984.	• President and CEO of Moody's since April 2012; • Chairman and CEO from April 2005 until April 2012; • Moody's Corporation President from October 2004 until April 2005; • Chief Operating Officer of Moody's Corporation from January 2004 until October 2004;

Sr. No.	Name of the Director	Director Identification No. (if applicable)	Designation	Date of Appointment	Qualifications	Experience
						• Chairman and CEO of Moody's Investors Service since October 2007 and held the additional title of President from November 2001 to August 2007 and December 2008 to November 2010; • Executive Vice President of Moody's Corporation (2003-04); • Senior Vice President, Global Ratings and Research, Moody's Corporation from November 2000 until April 2003; • Senior Managing Director for Global Ratings & Research, Moody's Investors Service (November 2000 until November 2001); • Managing Director, International (1996 to November 2000); and • Director on the Board of John Wiley & Sons, Inc.
7.	Henry McKinnell	NA	Chairman	15.10.97	• M.B.A. and Ph.D. from Stanford University Graduate School of Business; and • B. Comm. in Business from University of British Columbia.	• Chairman of Moody's since April 2012; • Chief Executive Officer of Optimer Pharmaceuticals, Inc. (February 2013 to October 2013); • Chairman of the Board of Pfizer Inc. (May 2001 to December 2006) and Chief Executive Officer (January 2001 to July 2006); • President of Pfizer Inc (1999-01); • President of Pfizer Pharmaceuticals Group (1997 to 2001); • Chief Operating Officer of Pfizer Inc (199900); • Executive Vice President of Pfizer Inc (1992-99);

Sr. No.	Name of the Director	Director Identification No. (if applicable)	Designation	Date of Appointment	Qualifications	Experience
						• Chairman of the board of Optimer Pharmaceuticals, Inc., Emmaus Life Sciences and Accordia Global Health Foundation; • Chairman Emeritus of the Connecticut Science Centre; and • Member of the Academic Alliance for AIDS Care and Prevention in Africa.
8.	John Wulff	NA	Director	27.04.04	B.S., Economics-Accounting/Finance, Wharton School, University of Pennsylvania.	• Chairman on the board of Hercules Incorporated (2003-08); • Member of the Financial Accounting Standards Board (2001-03); • Chief Financial Officer of Union Carbide Corporation (1996-01); • Vice President and Principal Accounting Officer of Union Carbide Corporation (1989-95); • Controller of Union Carbide Corporation (1987-89); • Partner with KPMG and predecessor firms (1977-87); and • Director on the boards of Celanese Corporation and Chemtura Corporation.
9.	Kathryn Hill	NA	Director	27.10.11	Bachelor of Science, Mathematics Rochester Institute of Technology.	• Senior Vice President, Executive Advisor for Cisco Systems Inc. (2011-13); • Senior Vice President, Development Strategy & Operations for Cisco Systems Inc. (2009 -11); • Senior Vice President, Access Networking and Services Group (2008-09); • Senior Vice president, Ethernet and Wireless Group (2005-08);

Sr. No.	Name of the Director	Director Identification No. (if applicable)	Designation	Date of Appointment	Qualifications	Experience
						• Member of the Board of Trustees for the Anita Borg Institute for Women and Technology; and • Director of NetApp, Inc.
10.	Leslie Seidman	NA	Director	18.12.13	• M.S. Accounting, New York University Stern School of Business; and • B.A., English, Colgate University.	• Executive Director of the Center for Excellence in Financial Reporting at Pace University's Lubin School of Business; • Chairman of the Financial Accounting Standards Board (FASB) (2010-13); • Appointed Member of FASB in 2003, reappointed in 2006, Acting Chairman from October 2010-December 2010; • Founder and managing member of Leslie F. Seidman Consulting, LLC (2000-13); • Various FASB staff capacities including as Assistant Director of Research and Technical Activities (1994-99); • Vice President, Accounting Policy and other roles at J.P. Morgan & Company, Inc. (now JPMorgan Chase & Co.) (1987-96); and • Auditor for Arthur Young & Co. (now Ernst & Young, LLP) (1984-87).

3.3.9 None of the directors on the Board of Directors of PAC-2 are on the Board of Directors of the Target Company. PAC-2 does not presently have any representation (other than the nominees appointed by PAC-1) on the Board of Directors of the Target Company.

3.3.10 Brief audited consolidated financial particulars of PAC-2 for the last 3 (three) years (ending 31 December) are as under:

(in USD millions, except per share data)

Profit & Loss Statement	Financial Year 2011	Financial Year 2012	Financial Year 2013
Income from operations ⁽¹⁾	2,280.7	2,730.3	2,972.5
Other income ⁽²⁾	13.5	10.4	26.5
Total income	2,294.2	2,740.7	2,999.0

Total expenditure	1,313.1	1,559.4	1,644.5
Profit Before Depreciation Interest and Tax	981.1	1,181.3	1,354.5
Depreciation	79.2	93.5	93.4
Interest Income / (Expense)	(62.1)	(63.8)	(91.8)
Profit Before Tax	839.8	1,024.0	1,169.3
Provision for Tax	261.8	324.3	353.4
Profit After Tax ⁽³⁾	571.4	690.0	804.5
Balance Sheet Statement	Financial Year 2011	Financial Year 2012	Financial Year 2013
<i>Sources of Funds</i>			
Paid-up share capital ⁽⁴⁾	3.4	3.4	3.4
Reserves and Surplus (excluding revaluation reserves) ⁽⁵⁾	(161.8)	393.2	344.5
Net worth	(158.4)	396.6	347.9
Secured loans ⁽⁶⁾	1,172.5	1,607.4	2,101.8
Unsecured loans ⁽⁷⁾	667.5	792.0	804.1
Total	1,742.1	2,796.0	3,253.8
<i>Uses of Funds</i>			
Net fixed assets ⁽⁸⁾	1,369.7	1,339.2	1,314.2
Investments ⁽⁹⁾	82.0	96.0	112.1
Net current assets	290.4	1,360.8	1,827.5
Total miscellaneous expenditure not written off	-	-	-
Total	1,742.1	2,796.0	3,253.8
Other Financial Data	Financial Year 2011	Financial Year 2012	Financial Year 2013
Declared dividend per Share (US\$)	0.58	0.68	0.98
Fully Diluted Earnings Per Share (US\$)	2.49	3.05	3.60

Goodwill impairment charge of \$12.2 million recorded in 2012.

(in INR millions, except per share data)

Profit & Loss Statement	Financial Year 2011	Financial Year 2012	Financial Year 2013
Income from operations ⁽¹⁾	141,772.4	169,720.4	184,776.0
Other income ⁽²⁾	839.2	646.5	1,647.3
Total income	142,611.6	170,366.8	186,423.2
Total expenditure	81,624.7	96,935.1	102,225.1
Profit Before Depreciation Interest and Tax	60,986.9	73,431.7	84,198.2
Depreciation	4,923.2	5,812.1	5,805.9
Interest Income / (Expense)	(3,860.2)	(3,965.9)	(5,706.5)
Profit Before Tax	52,203.5	63,653.7	72,685.8
Provision for Tax	16,274.0	20,159.1	21,968.0
Profit After Tax ⁽³⁾	35,519.3	42,891.6	50,009.2
Balance Sheet Statement	Financial Year 2011	Financial Year 2012	Financial Year 2013
<i>Sources of Funds</i>			
Paid-up share capital ⁽⁴⁾	211.4	211.4	211.4
Reserves and Surplus (excluding revaluation reserves) ⁽⁵⁾	(10,057.8)	24,442.0	21,414.7
Net worth	(9,846.4)	24,653.4	21,626.1
Secured loans ⁽⁶⁾	72,884.7	99,918.9	130,651.7
Unsecured loans ⁽⁷⁾	45,253.8	49,230.7	49,984.3
Total	108,292.1	173,804.4	202,262.1
<i>Uses of Funds</i>			
Net fixed assets ⁽⁸⁾	85,143.0	83,247.1	81,693.0

Investments ⁽⁹⁾	5,097.3	5,967.5	6,968.3
Net current assets	18,051.8	84,589.8	113,600.7
Total miscellaneous expenditure not written off	-	-	-
Total	108,292.1	173,804.4	202,262.1
Other Financial Data	Financial Year 2011	Financial Year 2012	Financial Year 2013
Declared dividend (Rs.)	36.1	42.3	60.9
Fully Diluted Earnings Per Share (Rs.)	154.8	189.6	223.8

(1) Represents revenue.

(2) Represents other non operating income.

(3) Represents net income attributable to Moody's Corporation.

(4) Represents common stock.

(5) Comprises capital surplus, retained earnings, treasury stock, accumulated other comprehensive loss and non controlling interests.

(6) Comprises long-term debt.

(7) Comprises non-current portion of deferred revenue, deferred tax liabilities, unrecognized tax liabilities, other liabilities and redeemable non controlling interest.

(8) Comprises property and equipment, goodwill, intangible assets and deferred tax assets.

(9) Represents other assets.

The above figures have been converted into INR using the RBI Reference Rate of Rate of 1 USD = INR 62.16, as on 21 February 2014 (source: www.rbi.org.in)

* The financial information for the financial years ending 31 December 2013, 31 December 2012 and 31 December 2011 set forth above have been extracted from the audited consolidated financial statements of PAC-2 included in its Annual Reports on Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") as at and for the financial years ending 31 December 2013, 31 December 2012 and 31 December 2011, respectively. These financial statements have been prepared in accordance with US Generally Accepted Accounting Principles (U.S. GAAP) and audited by KPMG LLP, the statutory auditors of PAC-2. PAC-2's annual financial statements have been publicly disclosed and are available at www.moody's.com

3.3.11 The shares of PAC-2 are listed on the New York Stock Exchange. The market price of the shares of PAC-2 as of the dates set out in the table below, is as follows:

Date	Market price per share (US\$)
31 December 2012	49.42
31 December 2013	78.19
Date of PA (21 February 2014)	78.80

(Source: Bloomberg)

3.3.12 PAC-2 has contingent liabilities in respect of guarantees and indemnities entered into as a part of the ordinary course of its business. Descriptions of the significant legal and tax disputes to which PAC-2 is a party are set out in the 'Contingencies' note and the 'Legal Proceedings' note in the Annual Report on Form 10-K filed with the SEC as at and for the financial year ending 31 December 2013 and are set out below:

"CONTINGENCIES"

From time to time, Moody's is involved in legal and tax proceedings, governmental investigations and inquiries, claims and litigation that are incidental to the Company's business, including claims based on ratings assigned by MIS. Moody's is also subject to ongoing tax audits in the normal course of business. Management periodically assesses the Company's liabilities and contingencies in connection with these matters based upon the latest information available. Moody's discloses material pending legal proceedings pursuant to SEC rules and other pending matters as it may determine to be appropriate.

Following the global credit crisis of 2008, MIS and other credit rating agencies have been the subject of intense scrutiny, increased regulation, ongoing inquiry and governmental investigations, and civil litigation. Legislative, regulatory and enforcement entities around the world are considering additional legislation, regulation and enforcement actions, including with respect to MIS's compliance with newly imposed regulatory standards. Moody's has received subpoenas and inquiries from states attorneys general and other domestic and foreign governmental authorities and is responding to such investigations and inquiries.

In addition, the Company is facing litigation from market participants relating to the performance

of MIS rated securities. Although Moody's in the normal course experiences such litigation, the volume and cost of defending such litigation has significantly increased following the events in the U.S. subprime residential mortgage sector and global credit markets more broadly over the last several years.

Two purported class action complaints were filed by purported purchasers of the Company's securities against the Company and certain of its senior officers, asserting claims under the federal securities laws. The first was filed by Raphael Nach in the U.S. District Court for the Northern District of Illinois on July 19, 2007. The second was filed by Teamsters Local 282 Pension Trust Fund in the United States District Court for the Southern District of New York on September 26, 2007. Both actions were consolidated into a single proceeding entitled *In re Moody's Corporation Securities Litigation* in the U.S. District Court for the Southern District of New York. On June 27, 2008, a consolidated amended complaint was filed, purportedly on behalf of all purchasers of the Company's securities during the period February 3, 2006 through October 24, 2007. Plaintiffs alleged that the defendants issued false and/or misleading statements concerning the Company's business conduct, business prospects, business conditions and financial results relating primarily to MIS's ratings of structured finance products including RMBS, CDO and constant-proportion debt obligations. The plaintiffs sought an unspecified amount of compensatory damages and their reasonable costs and expenses incurred in connection with the case. The Company moved for dismissal of the consolidated amended complaint in September 2008. On February 23, 2009, the court issued an opinion dismissing certain claims and sustaining others. On January 22, 2010, plaintiffs moved to certify a class of individuals who purchased Moody's Corporation common stock between February 3, 2006 and October 24, 2007, which the Company opposed. On March 31, 2011, the court issued an opinion denying plaintiffs' motion to certify the proposed class. On April 14, 2011, plaintiffs filed a petition in the United States Court of Appeals for the Second Circuit seeking discretionary permission to appeal the decision. The Company filed its response to the petition on April 25, 2011. On July 20, 2011, the Second Circuit issued an order denying plaintiffs' petition for leave to appeal. On September 14, 2012, the Company filed a motion for summary judgment, which was fully briefed on December 21, 2012. On August 23, 2013, the court issued an opinion granting defendants' motion for summary judgment. Judgment was entered in Moody's favor on August 26, 2013. On September 23, 2013, plaintiffs filed a notice of appeal from the judgment and from the March 2011 decision denying class certification. On December 19, 2013, that appeal was voluntarily dismissed with prejudice pursuant to a confidential settlement agreement, thereby concluding this litigation.

On August 25, 2008, Abu Dhabi Commercial Bank filed a purported class action in the United States District Court for the Southern District of New York asserting numerous common-law causes of action against two subsidiaries of the Company, another rating agency, and Morgan Stanley & Co. The action related to securities issued by a structured investment vehicle called Cheyne Finance (the "Cheyne SIV") and sought, among other things, compensatory and punitive damages. The central allegation against the rating agency defendants was that the credit ratings assigned to the securities issued by the Cheyne SIV were false and misleading. In early proceedings, the court dismissed all claims against the rating agency defendants except those for fraud and aiding and abetting fraud. In June 2010, the court denied plaintiff's motion for class certification, and additional plaintiffs were subsequently added to the complaint. In January 2012, the rating agency defendants moved for summary judgment with respect to the fraud and aiding and abetting fraud claims. Also in January 2012, in light of new New York state case law, the court permitted the plaintiffs to file an amended complaint that reasserted previously dismissed claims against all defendants for breach of fiduciary duty, negligence, negligent misrepresentation, and related aiding and abetting claims. In May 2012, the court, ruling on the rating agency defendants' motion to dismiss, dismissed all of the reasserted claims except for the negligent misrepresentation claim, and on September 19, 2012, after further proceedings, the court also dismissed the negligent misrepresentation claim. On August 17, 2012, the court ruled on the rating agencies' motion for summary judgment on the plaintiffs' remaining claims for fraud and aiding and abetting fraud. The court dismissed, in whole or in part, the fraud claims of four plaintiffs as against Moody's but allowed the fraud claims to proceed with respect to certain claims of one of those plaintiffs and the claims of the remaining 11 plaintiffs. The court also dismissed all claims against Moody's for aiding and abetting fraud. Three of the plaintiffs whose claims were dismissed filed motions for reconsideration, and on November 7, 2012, the court granted two of these motions, reinstating the claims of two plaintiffs that were previously dismissed. On February 1, 2013, the court dismissed the claims of one additional plaintiff on jurisdictional grounds. Trial on the remaining fraud claims against the rating agencies, and on claims against Morgan Stanley for aiding and abetting fraud and for negligent misrepresentation, was scheduled for May 2013. On April 24, 2013, pursuant to confidential settlement agreements, the 14 plaintiffs with claims that had been ordered to trial stipulated to the voluntary dismissal, with prejudice, of these claims as against all defendants, and the Court so ordered that stipulation on April 26, 2013. The settlement did not cover certain claims

of two plaintiffs that were previously dismissed by the Court. On May 23, 2013, these two plaintiffs filed a Notice of Appeal to the Second Circuit, seeking reversal of the dismissal of their claims and also seeking reversal of the Court's denial of class certification. According to pleadings filed by plaintiffs in earlier proceedings, they seek approximately \$76 million in total compensatory damages in connection with the two claims at issue on the appeal.

In October 2009, plaintiffs King County, Washington and Iowa Student Loan Liquidity Corporation each filed substantially identical putative class actions in the Southern District of New York against two subsidiaries of the Company and several other defendants, including two other rating agencies and IKB Deutsche Industriebank AG. These actions arose out of investments in securities issued by a structured investment vehicle called Rhinebridge Plc (the "Rhinebridge SIV") and sought, among other things, compensatory and punitive damages. Each complaint asserted a claim for common law fraud against the rating agency defendants, alleging, among other things, that the credit ratings assigned to the securities issued by the Rhinebridge SIV were false and misleading. The case was assigned to the same judge presiding over the litigation concerning the Cheyne SIV, described above. In April 2010, the court denied the rating agency defendants' motion to dismiss. In June 2010, the court consolidated the two cases and the plaintiffs filed an amended complaint that, among other things, added Morgan Stanley & Co. as a defendant. In January 2012, in light of new New York state case law, the court permitted the plaintiffs to file an amended complaint that asserted claims against the rating agency defendants for breach of fiduciary duty, negligence, negligent misrepresentation, and aiding and abetting claims. In May 2012, the court, ruling on the rating agency defendants' motion to dismiss, dismissed all of the new claims except for the negligent misrepresentation claim and a claim for aiding and abetting fraud; on September 28, 2012, after further proceedings, the court also dismissed the negligent misrepresentation claim. Plaintiffs did not seek class certification. On September 7, 2012 the rating agencies filed a motion for summary judgment dismissing the remaining claims against them. On January 3, 2013, the Court issued an order dismissing the claim for aiding and abetting fraud against the rating agencies but allowing the claim for fraud to proceed to trial. In June 2012 and March 2013, respectively, defendants IKB Deutsche Industriebank AG (and a related entity) and Fitch, Inc. informed the court that they had executed confidential settlement agreements with the plaintiffs. On April 24, 2013, pursuant to a confidential settlement agreement, the plaintiffs stipulated to the voluntary dismissal, with prejudice, of all remaining claims as against the remaining defendants, including Moody's, and the Court so ordered that stipulation on April 26, 2013.

Contingencies

Accounting for contingencies, including those matters described in the "Contingencies" section of this "MD&A", commencing on page 56 is highly subjective and requires the use of judgments and estimates in assessing their magnitude and likely outcome. In many cases, the outcomes of such matters will be determined by third parties, including governmental or judicial bodies. The provisions made in the consolidated financial statements, as well as the related disclosures, represent management's best estimates of the then current status of such matters and their potential outcome based on a review of the facts and in consultation with outside legal counsel where deemed appropriate. The Company regularly reviews contingencies and as new information becomes available may, in the future, adjust its associated liabilities.

For claims, litigation and proceedings and governmental investigations and inquiries not related to income taxes, where it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated, the Company records liabilities in the consolidated financial statements and periodically adjusts these as appropriate. When the reasonable estimate of the loss is within a range of amounts, the minimum amount of the range is accrued unless some higher amount within the range is a better estimate than another amount within the range. In other instances, because of uncertainties related to the probable outcome and/or the amount or range of loss, management does not record a liability but discloses the contingency if significant. As additional information becomes available, the Company adjusts its assessments and estimates of such matters accordingly. In view of the inherent difficulty of predicting the outcome of litigation, regulatory, governmental investigations and inquiries, enforcement and similar matters and contingencies, particularly where the claimants seek large or indeterminate damages or where the parties assert novel legal theories or the matters involve a large number of parties, the Company cannot predict what the eventual outcome of the pending matters will be or the timing of any resolution of such matters. The Company also cannot predict the impact (if any) that any such matters may have on how its business is conducted, on its competitive position or on its financial position, results of operations or cash flows. As the process to resolve any pending matters progresses, management will continue to review the latest information available and assess its ability to predict the outcome of such matters and the effects, if any, on its operations and financial condition. However, in light of the large or indeterminate damages sought in some of them, the absence of similar court rulings on the

theories of law asserted and uncertainties regarding apportionment of any potential damages, an estimate of the range of possible losses cannot be made at this time.

LEGAL PROCEEDINGS

From time to time, Moody's is involved in legal and tax proceedings, governmental investigations and inquiries, claims and litigation that are incidental to the Company's business, including claims based on ratings assigned by MIS. Moody's is also subject to ongoing tax audits in the normal course of business. Management periodically assesses the Company's liabilities and contingencies in connection with these matters based upon the latest information available. Moody's discloses material pending legal proceedings pursuant to SEC rules and other pending matters as it may determine to be appropriate.

Following the global credit crisis of 2008, MIS and other credit rating agencies have been the subject of intense scrutiny, increased regulation, ongoing inquiry and governmental investigations, and civil litigation. Legislative, regulatory and enforcement entities around the world are considering additional legislation, regulation and enforcement actions, including with respect to MIS's compliance with newly imposed regulatory standards. Moody's has received subpoenas and inquiries from states attorneys general and other domestic and foreign governmental authorities and is responding to such investigations and inquiries.

In addition, the Company is facing litigation from market participants relating to the performance of MIS rated securities. Although Moody's in the normal course experiences such litigation, the volume and cost of defending such litigation has significantly increased following the events in the U.S. subprime residential mortgage sector and global credit markets more broadly over the last several years.

*Two purported class action complaints were filed by purported purchasers of the Company's securities against the Company and certain of its senior officers, asserting claims under the federal securities laws. The first was filed by Raphael Nach in the U.S. District Court for the Northern District of Illinois on July 19, 2007. The second was filed by Teamsters Local 282 Pension Trust Fund in the United States District Court for the Southern District of New York on September 26, 2007. Both actions were consolidated into a single proceeding entitled *In re Moody's Corporation Securities Litigation* in the U.S. District Court for the Southern District of New York. On June 27, 2008, a consolidated amended complaint was filed, purportedly on behalf of all purchasers of the Company's securities during the period February 3, 2006 through October 24, 2007. Plaintiffs alleged that the defendants issued false and/or misleading statements concerning the Company's business conduct, business prospects, business conditions and financial results relating primarily to MIS's ratings of structured finance products including RMBS, CDO and constant-proportion debt obligations. The plaintiffs sought an unspecified amount of compensatory damages and their reasonable costs and expenses incurred in connection with the case. The Company moved for dismissal of the consolidated amended complaint in September 2008. On February 23, 2009, the court issued an opinion dismissing certain claims and sustaining others. On January 22, 2010, plaintiffs moved to certify a class of individuals who purchased Moody's Corporation common stock between February 3, 2006 and October 24, 2007, which the Company opposed. On March 31, 2011, the court issued an opinion denying plaintiffs' motion to certify the proposed class. On April 14, 2011, plaintiffs filed a petition in the United States Court of Appeals for the Second Circuit seeking discretionary permission to appeal the decision. The Company filed its response to the petition on April 25, 2011. On July 20, 2011, the Second Circuit issued an order denying plaintiffs' petition for leave to appeal. On September 14, 2012, the Company filed a motion for summary judgment, which was fully briefed on December 21, 2012. On August 23, 2013, the court issued an opinion granting defendants' motion for summary judgment. Judgment was entered in Moody's favor on August 26, 2013. On September 23, 2013, plaintiffs filed a notice of appeal from the judgment and from the March 2011 decision denying class certification. On December 19, 2013, that appeal was voluntarily dismissed with prejudice pursuant to a confidential settlement agreement, thereby concluding this litigation.*

On August 25, 2008, Abu Dhabi Commercial Bank filed a purported class action in the United States District Court for the Southern District of New York asserting numerous common-law causes of action against two subsidiaries of the Company, another rating agency, and Morgan Stanley & Co. The action related to securities issued by a structured investment vehicle called Cheyne Finance (the "Cheyne SIV") and sought, among other things, compensatory and punitive damages. The central allegation against the rating agency defendants was that the credit ratings assigned to the securities issued by the Cheyne SIV were false and misleading. In early proceedings, the court dismissed all claims against the rating agency defendants except those for fraud and aiding and abetting fraud. In June 2010, the court denied plaintiff's motion for class certification,

and additional plaintiffs were subsequently added to the complaint. In January 2012, the rating agency defendants moved for summary judgment with respect to the fraud and aiding and abetting fraud claims. Also in January 2012, in light of new New York state case law, the court permitted the plaintiffs to file an amended complaint that reasserted previously dismissed claims against all defendants for breach of fiduciary duty, negligence, negligent misrepresentation, and related aiding and abetting claims. In May 2012, the court, ruling on the rating agency defendants' motion to dismiss, dismissed all of the reasserted claims except for the negligent misrepresentation claim, and on September 19, 2012, after further proceedings, the court also dismissed the negligent misrepresentation claim. On August 17, 2012, the court ruled on the rating agencies' motion for summary judgment on the plaintiffs' remaining claims for fraud and aiding and abetting fraud. The court dismissed, in whole or in part, the fraud claims of four plaintiffs as against Moody's but allowed the fraud claims to proceed with respect to certain claims of one of those plaintiffs and the claims of the remaining 11 plaintiffs. The court also dismissed all claims against Moody's for aiding and abetting fraud. Three of the plaintiffs whose claims were dismissed filed motions for reconsideration, and on November 7, 2012, the court granted two of these motions, reinstating the claims of two plaintiffs that were previously dismissed. On February 1, 2013, the court dismissed the claims of one additional plaintiff on jurisdictional grounds. Trial on the remaining fraud claims against the rating agencies, and on claims against Morgan Stanley for aiding and abetting fraud and for negligent misrepresentation, was scheduled for May 2013. On April 24, 2013, pursuant to confidential settlement agreements, the 14 plaintiffs with claims that had been ordered to trial stipulated to the voluntary dismissal, with prejudice, of these claims as against all defendants, and the Court so ordered that stipulation on April 26, 2013. The settlement did not cover certain claims of two plaintiffs that were previously dismissed by the Court. On May 23, 2013, these two plaintiffs filed a Notice of Appeal to the Second Circuit, seeking reversal of the dismissal of their claims and also seeking reversal of the Court's denial of class certification. According to pleadings filed by plaintiffs in earlier proceedings, they seek approximately \$76 million in total compensatory damages in connection with the two claims at issue on the appeal.

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For claims, litigation and proceedings and governmental investigations and inquiries not related to income taxes, where it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated, the Company records liabilities in the consolidated financial statements and periodically adjusts these as appropriate. When the reasonable estimate of the loss is within a range of amounts, the minimum amount of the range is accrued unless some higher amount within the range is a better estimate than another amount within the range. In other instances, because of uncertainties related to the probable outcome and/or the amount or range of loss, management does not record a liability but discloses the contingency if significant. As additional information becomes available, the Company adjusts its assessments and estimates of such matters accordingly. In view of the inherent difficulty of predicting the outcome of litigation, regulatory, governmental

investigations and inquiries, enforcement and similar matters and contingencies, particularly where the claimants seek large or indeterminate damages or where the parties assert novel legal theories or the matters involve a large number of parties, the Company cannot predict what the eventual outcome of the pending matters will be or the timing of any resolution of such matters. The Company also cannot predict the impact (if any) that any such matters may have on how its business is conducted, on its competitive position or on its financial position, results of operations or cash flows. As the process to resolve any pending matters progresses, management will continue to review the latest information available and assess its ability to predict the outcome of such matters and the effects, if any, on its operations and financial condition. However, in light of the large or indeterminate damages sought in some of them, the absence of similar court rulings on the theories of law asserted and uncertainties regarding apportionment of any potential damages, an estimate of the range of possible losses cannot be made at this time.”

- 3.3.13 PAC-2 is in compliance with the corporate governance rules and regulations to which it is subject under applicable laws. The Board of Directors of PAC-2 is its ultimate decision making body except for matters reserved for its shareholders. The Board of Directors of PAC-2 along with its audit committee and the governance and compensation committee oversee the policies of PAC-2 on an annual basis for assessing its exposure to risk. All the directors on the Board of Directors of PAC-2, other than the chief executive officer, are independent directors. The Board of Directors of PAC-2 also engages outside counsel, experts and other advisors as it deems appropriate to assist in the performance of its functions. The governance and compensation committee establishes the goals to be achieved by the chief executive officer and other executive officers of PAC-2 on an annual basis and evaluates their performances against such goals. The above mentioned corporate governance principles are reviewed by the governance and compensation committee annually and changes regarding the same are suggested by them to the Board of Directors of PAC-2.
- 3.3.14 The chief regulatory affairs and compliance officer of PAC-2 is Michael Kanef.
- 3.3.15 For more details on PAC-2 please visit its website at www.moodys.com and financial information on www.sec.gov.

4. BACKGROUND OF THE TARGET COMPANY

As required under the Regulations, unless specifically confirmed by the Target Company, information regarding the Target Company has been restricted to relevant information obtained from publicly available documents.

4.1 As confirmed by the Target Company, the Target Company was originally incorporated as a public limited company in the name of 'Investment Information and Credit Rating Agency of India Limited' on 16 January 1991, under the Companies Act, 1956 and its registered office is situated at 1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi-110001, India. The Target Company obtained its certificate of commencement of business on 15 March 1991. The name of the Target Company was changed to 'ICRA Limited' by a special resolution passed at the annual general meeting held on 29 September 1994 and consequently the Target Company obtained a fresh certificate of incorporation on 3 February 1995. The corporate identification number (CIN) of the Target Company is L74999DL1991PLC042749. The Target Company had its initial public offering in March 2007. The present promoter of the Target Company is PAC-1.

4.2 The share capital structure of the Target Company is as follows:

Paid-up Equity Shares of Target Company	No. of Shares or voting rights	% of shares or voting rights
Fully paid-up Equity Shares	10,000,000	100%
Partly paid-up Equity Shares	Nil	Nil
Total paid-up Equity Shares	10,000,000	100%
Total voting rights in Target company	10,000,000	100%

(Source: ICRA Annual Report 2013)

4.3 As confirmed by the Target Company, there has been no suspension of trading of the Equity Shares on the Stock Exchanges.

4.4 As confirmed by the Target Company, there are no Equity Shares that are not listed on the Stock Exchanges.

4.5 As confirmed by the Target Company, the applicable provisions of Chapter II of the Takeover Regulations 1997 have been complied with by the Target Company within the time specified in Takeover Regulations 1997. However, in the event of any non-compliance, SEBI may take appropriate action in respect of the same.

4.6 As confirmed by the Target Company, the following regulatory actions have been taken by SEBI on the Target Company:

- Deficiency letter was issued by Market Intermediaries Regulation and Supervision Department ("MIRSD") on 8 September 2010 pursuant to an inspection carried out by SEBI on the Target Company between 23 March and 27 March 2009.
- An administrative warning was issued by MIRSD on September 10, 2012, pursuant to an inspection carried out by SEBI during November 29, 2011 to December 2, 2011 to verify compliance with circulars issued dated 6 January 2010 dealing with internal audit for credit rating agencies and 3 May 2010 dealing with guidelines for credit rating agencies, and no other action was taken in the matter by MIRSD.
- An inspection was also conducted by SEBI during February 20-22, 2013, a 'No Action' letter was issued on 16 July 2013 by MIRSD in this regard.

4.7 There are no (i) partly paid-up Equity Shares; or (ii) convertible instruments, other than the stock options that have been issued to the employees of the Target Company and its subsidiaries. As of 31 March 2013, 906,000 (nine hundred and six thousand) Equity Shares amounting to 9.06% (nine point zero six percent) of the Voting Share Capital of the Target Company have been issued to the ICRA Employees Welfare Trust for grant of options to the eligible employees. The ICRA Employees Welfare Trust has granted 888,263 (eight hundred eighty eight thousand two hundred and sixty three) stock options to eligible employees from this pool of 906,000 (nine hundred and six thousand) Equity Shares. There are no Equity Shares under lock-in. (Source: ICRA Annual Report 2013)

4.8 The Board of Directors of the Target Company comprises the following directors:

Sr. No.	Name of the Director	Director Identification Number	Designation	Date of Appointment
1	Dr. Uddesh Kohli	00183409	Independent Director	15.10.01

Sr. No.	Name of the Director	Director Identification Number	Designation	Date of Appointment
2	Prof. Deepak Nayyar	00348529	Independent Director	04.02.02
3	Piyush Gunwantra Mankad	00005001	Independent Director	30.03.06
4	Amal Ganguli	00013808	Independent Director	30.03.06
5	Min Ye	06552282	Non-independent Director	24.05.13
6	Simon Hastilow	06573596	Non-independent Director	24.05.13
7	Pranab Kumar Choudhury	00015470	Chairman (Non-independent Director) and CEO of ICRA Group	30.06.93
8	Naresh Takkar	00253288	Non-independent Director. Managing Director and CEO of ICRA	01.07.06

(Source: ICRA Annual Report 2013 and ICRA Prospectus dated 28 March 2007)

- 4.9 Two directors i.e., Min Ye and Simon Hastilow are non-executive directors on the Board of Directors of the Target Company as nominees of PAC-1 as of the date of this LoF. Min Ye is also a director of the Acquirer. In accordance with Regulation 24(4) of the Regulations, Min Ye and Simon Hastilow have recused themselves and have not participated, and will not participate in any deliberations of the Board of Directors of the Target Company or vote on any matter in relation to the Offer.
- 4.10 As confirmed by the Target Company, the Target Company was not involved in any merger/demerger/spin offs during the last 3 (three) years.
- 4.11 Brief audited consolidated financial details of the Target Company for the last 3 (three) financial years (ending 31 March), as derived are as set forth below:

(in INR 000's , unless stated)

Profit & Loss Statement	FY2011	FY2012	FY2013	Period Ending 31.12.13
Income from operations	1,930,290	2,074,617	2,514,106	2,026,738
Other Income	129,419 ⁽¹⁾	213,294	179,131	159,941
Total Income	2,059,709	2,287,911	2,693,237	2,186,679
Total Expenditure	1,274,917	1,449,616	1,915,534	1,482,476
Profit Before Depreciation, Interest and Taxes	784,792	838,295	777,703	704,203
Depreciation	45,263	46,530	48,319	41,391
Interest Income (Expense)	(7)	(47)	0	(4,174)
Profit Before Prior period adjustments and Tax	739,522	791,718	729,384	658,638
Prior Period Adjustments (Net)	243	0	0	0
Exceptional Items	0	0	(8,955)	0
Tax Expense	258,945	253,112 ⁽²⁾	132,348 ⁽²⁾	186,903
Profit after tax before minority interest	480,820	538,606	588,081	471,735
Minority Interest	283	1,483	3,473	(2,765)
Net Profit	481,103	540,089	591,554	468,970
Balance Sheet	FY2011	FY2012	FY2013	Period Ending 30.09.13⁽⁵⁾
<i>Sources of Funds</i>				
Paid-up share capital	100,000	100,000	100,000	100,000
Reserves and Surplus (excluding revaluation reserve)	2,470,483	2,916,133	3,292,375	3,702,547
Net Worth	2,570,483	3,016,133	3,392,375	3,802,547
Minority Interests	369	(888)	45,387	56,318
Secured Loans	0	0	0	--
Unsecured Loans	0	0	0	--
Total Loans	0	0	0	167,500
Deferred Tax liabilities (Net)	36	0	0	0
Non-Current Liabilities	0	78,502	88,497	104,960
Total	2,570,888	3,093,747	3,526,259	4,131,325
<i>Uses of Funds</i>				

Fixed Assets	242,886	235,869	233,436	509,347
Goodwill on Consolidation	95,439	103,282	425,362	488,603
Investments	1,912,443	1,921,186 ⁽⁸⁾	1,986,538 ⁽⁸⁾	2,234,589 ⁽⁸⁾
Deferred Tax Assets (Net)	20,858	26,046	21,802	21,064
Net Current Assets	299,178	624,741 ⁽⁹⁾	632,930 ⁽⁹⁾	738,280 ⁽⁹⁾
Miscellaneous Expenditure	84	0	0	0
Long-term loans and advances	0	182,623	226,191	139,442
Total	2,570,288	3,093,747	3,526,259	4,131,325
Other Financial Data	FY2011	FY2012	FY2013	Period Ending 30.09.13
Dividend (%) ⁽³⁾	170%	200%	220%	NA
Earnings Per Share (INR)	48.11	54.01	59.16	46.90 ⁽⁶⁾
Return on Net Worth ⁽⁴⁾	18.7%	17.9%	17.4%	NA
Book Value Per Share (INR) ⁽⁷⁾	257.05	301.61	339.24	380.25

(1) Represents non-operating income.

(2) Comprises current tax, deferred tax and MAT credit entitlement.

(3) Calculated on face value of the shares.

(4) Calculated as a percentage of net profit to net worth.

(5) Balance sheet as on 30.09.2013.

(6) For the 9 Month period ended 31.12.2013.

(7) Calculated as Net Worth divided by the total number of shares outstanding.

(8) Represents Non-current Investments.

(9) Comprises Current Assets less Current Liabilities.

(Source: Company Filings)

4.12 Pre and post- Offer shareholding pattern of the Target Company as on 16 May 2014:

Shareholders' category	Shareholding and voting rights prior to the agreement/ acquisition and offer.		Equity Shares /voting rights agreed to be acquired which triggered off the Regulations.		Equity Shares/voting rights to be acquired in open offer (Assuming full acceptances)		Shareholding/voting rights after the acquisition and offer.	
	(A)		(B)		(C)		(A)+(B)+(C) =(D)	
	No.	%	No.	%	No.	%	No.	%
(1) Promoter group including Acquirers and PAC								
a. Main Acquirer	-	-	N.A	N.A	2,650,000	26.50 %	2,650,000	26.50 %
b. Moody's Investment Company India Private Limited (PAC-1)	2,850,900	28.51%	N.A	N.A	-	-	2,850,900	28.51%
c. Moody's Corporation (PAC-2)	-	-	N.A	N.A	-	-	-	-
Total 1(a+b+c)	2,850,900	28.51%	N.A	N.A	2,650,000	26.50 %	5,500,900	55.01%
(2) Parties to Agreement other than (1)	-	-	N.A	N.A	-	-	-	-
(3) Public (other than parties to agreement, Acquirer & PAC)								
a. FIs/MFs/FII/ Banks, SFIs	5,422,006	54.22%	N.A	N.A	Will depend on response from each category		Will depend on response from each category	
b. Others	1,727,094	17.27%	N.A	N.A				
Total (3) (a+b)	7,149,100	71.49%	N.A	N.A	(2,650,000)	(26.50 %)	4499100	44.99%
Grand Total (1+2+3)	10,000,000	100.00%	N.A	N.A	-	-	10,000,000	100.00%

(Source: Registrar to the Target Company)

- 4.13 As on the date of this LoF and as confirmed by the Target Company, the authorized share capital of the Target Company is Rs. 150,000,000 (Rupees one hundred and fifty million) comprising 15,000,000 (fifteen million) Equity Shares. The issued, subscribed and paid-up Equity Share capital of the Target Company is Rs. 100,000,000 (Rupees one hundred million) divided into 10,000,000 (ten million) fully paid-up Equity Shares.

5. OFFER PRICE AND FINANCIAL ARRANGEMENTS

5.1 Justification of Offer Price

5.1.1 The Equity Shares (ISIN: INE725G01011) are listed on the BSE (Scrip code: 532835) and the NSE (Scrip code: ICRA EQ). In terms of Regulation 2(1)(j) of the Regulations, the Equity Shares have been frequently traded on the NSE and infrequently traded on the BSE during the preceding 12 (twelve) calendar months prior to the calendar month in which the PA was made.

5.1.2 The trading turnover of the Equity Shares during the preceding 12 (twelve) calendar months ended 31 January 2014 on the NSE and BSE, where the Equity Shares are listed, is as follows:

Name of the stock exchange	Total number of Equity Shares traded during 01 February 2013 to 31 January 2014	Total number of listed Equity Shares as on 31st December 2013	Trading turnover (% to total listed Equity Shares)
NSE	3,475,261	10,000,000	34.75%
BSE	633,909	10,000,000	6.34%

(Source: www.nseindia.com, www.bseindia.com)

5.1.3 In terms of Regulation 2(1)(j) of the Regulations, the Equity Shares have been most frequently traded on the NSE and in accordance with Regulation 8(2) of the Regulations, the Offer Price has been determined taking into account the following parameters:

(a)	The highest negotiated price per Equity Share of the Target Company for acquisition under an agreement attracting the obligation to make PA of an open offer.	Not Applicable
(b)	The volume weighted average price paid or payable for acquisitions, whether by the Acquirer or by any PAC during the 52 (fifty two) weeks immediately preceding the date of the PA.	Not Applicable
(c)	The highest price paid or payable for an acquisition whether by the Acquirer or by any PAC, during the 26 (twenty six) weeks immediately preceding the date of the PA.	Not Applicable
(d)	The volume-weighted average market price of Equity Shares for a period of 60 (sixty) trading days immediately preceding the date of the PA as traded on the NSE, being the stock exchange where the maximum volume of trading in the Equity Shares was recorded during such period.	Rs. 1,574.45

Therefore, in accordance with Regulation 8(2) of the Regulations the Offer Price of Rs. 2,000 (Rupees two thousand) per Equity Share is justified.

5.1.4 The price and volume data of the Equity Shares on NSE, i.e., where the Equity Shares are most frequently traded, for a period of 60 (sixty) trading days immediately preceding the date of the PA, as per Regulation 8(2) of the Regulations, are set forth below:

Sr. No	Date	Total Trading Quantity (Nos.)	Turnover (Rs. in lakhs)
1	29.11.13	5,373	84.71
2	02.12.13	4,317	66.62
3	03.12.13	5,666	87.06
4	04.12.13	15,572	244.1
5	05.12.13	9,522	145.94
6	06.12.13	6,462	99.92
7	09.12.13	3,383	52.56
8	10.12.13	2,732	42.15
9	11.12.13	10,067	158.6
10	12.12.13	2,902	45.39
11	13.12.13	1,579	24.49
12	16.12.13	1,643	25.24
13	17.12.13	2,513	38.94
14	18.12.13	3,962	61.56
15	19.12.13	2,762	43.05

Sr. No	Date	Total Trading Quantity (Nos.)	Turnover (Rs. in lakhs)
16	20.12.13	6,258	98.39
17	23.12.13	3,186	50.38
18	24.12.13	6,863	109.03
19	26.12.13	14,723	232.41
20	27.12.13	5,349	84.98
21	30.12.13	5,844	91.69
22	31.12.13	39,731	644.41
23	01.01.14	12,698	203.61
24	02.01.14	4,161	65.85
25	03.01.14	8,306	126.88
26	06.01.14	10,910	167.07
27	07.01.14	1,308	20.3
28	08.01.14	9,134	143.43
29	09.01.14	10,027	158.74
30	10.01.14	9,940	159.06
31	13.01.14	6,469	103.78
32	14.01.14	1,402	22.28
33	15.01.14	7,168	114.92
34	16.01.14	1,744	27.65
35	17.01.14	2,094	33.01
36	20.01.14	1,188	18.76
37	21.01.14	7,670	121.26
38	22.01.14	4,399	69.21
39	23.01.14	1,658	26.02
40	24.01.14	1,280	19.93
41	27.01.14	3,877	59.46
42	28.01.14	2,583	39.97
43	29.01.14	1,126	17.43
44	30.01.14	716	10.89
45	31.01.14	3,252	50.56
46	03.02.14	1,054	16.35
47	04.02.14	1,962	30.45
48	05.02.14	10,742	167.85
49	06.02.14	4,583	71.72
50	07.02.14	1,868	29.3
51	10.02.14	1,170	18.36
52	11.02.14	2,610	41.12
53	12.02.14	1,530	23.93
54	13.02.14	1,410	22.09
55	14.02.14	884	13.75
56	17.02.14	1,277	19.65
57	18.02.14	2,338	35.61
58	19.02.14	580	8.85
59	20.02.14	1,611	24.35
60	21.02.14	12,752	201.43
	Total	319,890	5,036.5

Volume weighted average market price based on the above is Rs. 1,574.45 (Rupees one thousand five hundred seventy four and forty five paise) per Equity Share.

- 5.1.5 Any increase in the Offer Price, if any, on account of future purchases/competing offers or otherwise will be made only up to the period prior to 3 (three) Working Days before the date of commencement of the Tendering Period and would be notified to the Shareholders. In the event of such revision, the Acquirer and PAC are required to (i) make corresponding increases to the amounts kept in the Escrow Account, as set out in paragraph 5.2.7 of this LoF; (ii) make a public announcement in the newspapers in which the DPS was published; and (iii) simultaneously with the issue of such announcement, inform SEBI, the Stock Exchanges and the Target Company at its registered office, of such revision.

- 5.1.6 In the event that the number of Equity Shares offered by the Shareholders is more than the Offer Size, the Acquirer and the PAC shall accept the offers received from the Shareholders on a proportionate basis in accordance with the Regulations in consultation with the Manager to the Offer in a fair and equitable manner.
- 5.1.7 As confirmed by the Target Company, there have been no corporate actions by the Target Company warranting adjustments of any of the relevant price parameters under Regulation 8(9) of the Regulations. However, the Board of Directors of the Target Company in its meeting held on May 14, 2014, has recommended a dividend of Rs. 23 per Equity Share for the financial year ended March 31, 2014. If the members of the Target Company approve the payment of dividend at the forthcoming annual general meeting of the Target Company, the dividend shall be paid to all those members of the Target Company whose name appear in the Register of Members of the Target Company as on August 7, 2014 and to all those members of the Target Company whose names appear on that date as beneficial owners as per the details furnished by the NSDL and the CDSL on the close of business hours as on that date.
- 5.1.8 There has been no revision in the Offer Price or to the Offer Size as of the date of this LoF.
- 5.2 Financial Arrangements:
- 5.2.1 The maximum consideration for this Offer assuming full acceptance of this Offer would be Rs. 5,300,000,000 (Rupees five billion three hundred million) i.e., consideration payable for acquisition of 2,650,000 (two million six hundred and fifty thousand) Equity Shares at an Offer Price of Rs. 2,000 (Rupees two thousand) per Equity Share.
- 5.2.2 The Acquirer and the PAC have made firm financial arrangements for fulfilling the payment obligations under this Offer and the Acquirer and the PAC are able to implement this Offer.
- 5.2.3 The source of funds for the Offer shall be the funds available to the Acquirer and PAC-2. As on 31 December 2013, PAC-2 had USD 1,894,500,000 (United States Dollars one billion eight hundred ninety four million and five hundred thousand) in cash and cash equivalents. The Acquirer has received an irrevocable undertaking from PAC-2 dated 21 February 2014 to extend such financial support to the Acquirer as is required to ensure that the Acquirer's obligations as set out under the Regulations are complied with. The Acquirer and PAC-2 have given an undertaking to the Manager to the Offer to meet their financial obligations under the Offer.
- 5.2.4 In accordance with Regulation 17 of the Regulations, the Acquirer has established an escrow account under the name and title of "Moody's Singapore Escrow Account" ("**Escrow Account**") with Citibank N.A. – Fort Branch, Mumbai ("**Escrow Bank**") and made a cash deposit of Rs. 4,500,000,000.24 (Rupees four billion five hundred million and twenty four paise) in the account, being over 100% (one hundred percent) of the consideration payable in respect of minimum level of acceptance. The Manager to the Offer, has entered into an agreement with the Acquirer and the Escrow Bank ("**Escrow Agreement**") pursuant to which the Manager to the Offer has been solely authorized to operate and to realize the value lying in the Escrow Account in accordance with the Regulations.
- 5.2.5 Anish Shah, membership no. 042649, of V. C. Shah & Co., having their office at Rajgir Chambers, 3rd Floor, 12-14, Shahid Bhagat Singh Road, Opp. Old Custom House, Mumbai 400 001 Telephone No.:+91 22 4344 0123, Fax No.:+91 22 2266 2667 has certified that the Acquirer and the PAC have adequate financial resources available for meeting the financial obligations under this Offer as per a certificate dated 28 February 2014.
- 5.2.6 Based on the above, the Manager to the Offer is satisfied that firm financial arrangements through verifiable means are in place by the Acquirer to implement the Offer in accordance with the Regulations.
- 5.2.7 In case of revision of the Offer Price, the Acquirer and the PAC will make further deposits into the Escrow Account to ensure compliance with Regulation 17(2) of the Regulations.

6. TERMS AND CONDITIONS OF THE OFFER

- 6.1 The Acquirer shall accept the Offer subject to the following:
- 6.1.1 This Offer is conditional on a minimum level of acceptance by the Shareholders of 2,149,101 (two million one hundred forty nine thousand one hundred and one) Equity Shares representing 21.5% (twenty one point five percent) of the Voting Share Capital. If the number of Equity Shares (which can be validly accepted as per the terms and conditions set out in this LoF) tendered in terms of the Offer is less than 2,149,101 (two million one hundred forty nine thousand one hundred and one) Equity Shares, the Acquirer shall not accept any Equity Shares tendered.
 - 6.1.2 Applications in respect of Equity Shares that are the subject matter of litigation, wherein the Shareholders of the Target Company may be prohibited from transferring the Equity Shares during the pendency of the said litigation, are liable to be rejected if the directions or orders regarding these Equity Shares are not received together with the Equity Shares tendered under the Offer. The applications in some of these cases, wherever possible, will be forwarded to the concerned statutory authorities for further action by such authorities. Equity Shares that are subject to any charge, lien or encumbrance are liable to be rejected in the Offer.
- 6.2 The Acquirer will acquire the Equity Shares which are free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter.
- 6.3 The acceptance of locked-in Equity Shares by the Acquirer is subject to applicable law and the continuation of the residual lock-in period in the hands of the Acquirer. As per the filings made by the Target Company with the Stock Exchanges, there are no Equity Shares which are under lock-in.
- 6.4 All Shareholders are eligible to participate in the Offer any time before the closure of the Tendering Period.
- 6.5 Each Shareholder to whom this Offer is being made is free to offer the Equity Shares in whole or in part while accepting this Offer.
- 6.6 Statutory and other approvals
- 6.6.1 As on the date of this LoF, there are no statutory approvals required for the acquisition of Equity Shares tendered pursuant to this Offer except as stated in this paragraph and the paragraphs set out below. If any statutory approvals are required or become applicable, this Offer would be subject to receipt of such other statutory approvals. The Acquirer and the PAC will not proceed, in accordance with Regulation 23 of the Regulations, with this Offer in the event that such statutory approvals that are required are refused or have not been obtained. This Offer would be subject to all other statutory approvals that may become applicable at a later date but before the completion of this Offer.
 - 6.6.2 The Acquirer has received approval from the RBI dated 28 April 2014 under the FEMA and the regulations made thereunder for acquiring Equity Shares validly tendered under this Offer by NRIs and OCBs, if any. The RBI has granted such approval on the basis of a specific list of NRI/OCB shareholders furnished to the RBI. The RBI has advised the Acquirer to approach the RBI for an approval in the event that any NRI/OCB shareholder who was not part of such list, tenders its shares in the Offer. Further, the Target Company has received approval dated 19 May 2014 from SEBI under the SEBI (Credit Rating Agencies) Regulations, 1999 for change in control of the Target Company.
 - 6.6.3 Subject to (i) receipt of statutory and other approvals; and (ii) the Equity Shares being validly tendered by the Shareholders in the Offer which can be validly accepted being equal to or more than the minimum level of acceptance set out in paragraph 2.2.6 of this LoF, the Acquirer and PAC shall complete all procedures relating to the Offer, including payment of consideration within a period of 10 (ten) Working Days from the closure of the Tendering Period to those Shareholders whose share certificates or other documents are found valid and in order and are approved for acquisition by the Acquirer and the PAC. Where the statutory approvals extend to some but not all the Shareholders, the Acquirer and the PAC will have the option to make payment of the consideration to such Shareholders in respect of whom no statutory approvals are required in order to complete this Offer.
 - 6.6.4 In case of delay/non-receipt of any approval, SEBI may, if satisfied that non-receipt of the requisite approvals was not due to any wilful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the application for the approval, grant extension of time for the purpose of completion of this Offer, subject to the Acquirer agreeing to pay interest to the Shareholders as

directed by SEBI, in terms of Regulation 18(11) of the Regulations.

6.6.5 The Acquirer does not require any approvals from financial institutions or banks for this Offer.

7. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

- 7.1 A tender of Equity Shares pursuant to any of the procedures described in this LoF will constitute a binding agreement between the Acquirer, PAC and the tendering Shareholder, including the tendering Shareholder's acceptance of the terms and conditions of this LoF. The acceptance of this Offer is entirely at the discretion of the Shareholders. The acceptance of this Offer by the Shareholders must be absolute and unqualified. In the event any change or modification is made to the Form of Acceptance or if any acceptance to this Offer which is conditional and incomplete in any respect, the Manager to the Offer, the Acquirer and the PAC reserve the right to reject the acceptance of the Offer by such Shareholder.
- 7.2 The instructions, authorizations and provisions contained in the Form of Acceptance constitute part of the terms of this LoF.
- 7.3 This LoF together with the Form of Acceptance, will be mailed on or before 27 May 2014 to all the Shareholders of the Target Company whose names appear in the register of members of the Target Company and the beneficial owners of the Equity Shares, whose names appear on the beneficial records of the respective depositories, in each case at the close of business hours on 20 May 2014, i.e., the Identified Date. Accidental omission to dispatch this LoF to any Shareholder to whom this Offer has been made or non-receipt of this LoF by any such Shareholder shall not invalidate this Offer in any way.
- 7.4 The Registrar to the Offer has opened a special depository account with Ventura Securities Limited at the NSDL, called "LIPL ICRA Open Offer Escrow Account" ("**Special Account**"). The DP ID is IN303116 and the Client ID is 11334935. Shareholders having their beneficiary account in CDSL have to use the inter-depository Delivery Instruction slip for the purpose of crediting their Equity Shares in favor of the Special Account with CDSL.
- 7.5 The Offer shall open on 3 June 2014 and will remain open until 16 June 2014. All owners (registered or unregistered) of Equity Shares, regardless of whether he/she held Equity Shares on the Identified Date, are eligible to participate in the Offer any time before the closure of the Tendering Period.
- 7.6 Shareholders can also download this LoF and Form of Acceptance placed on the SEBI website www.sebi.gov.in and send in their acceptance by completing the same.

7.7 Procedure for Acceptance

- 7.7.1 The Shareholders who wish to avail themselves of and accept the Offer can deliver the Form of Acceptance, along with all the relevant documents, to any of the collection centres specified below in accordance with the procedure as set out in this LoF and the Form of Acceptance on or before the closure of the Tendering Period, i.e., no later than 16 June 2014. Shareholders holding Equity Shares in dematerialized form who wish to tender their Equity Shares will also be required to send a photocopy of the delivery instruction in "Off-market" mode, or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by the DP, in favour of the Special Account ("**Delivery Instruction**"). The credit for the delivered Equity Shares should be received in the Special Account on or before the closure of the Tendering Period (i.e., no later than 16 June 2014). Should there be any addition to the collection centres mentioned below, the same will be published by way of a corrigendum to this LoF. All the centres mentioned herein below would be open as follows:

Timings: Weekdays, Monday to Friday (except public holidays): 10:00 A.M. to 1:00 P.M., 02:00 P.M. to 05:00 P.M.

#	Collection Centres	Address of Collection Centres	Contact Person	Phone No.	Fax	Mode of delivery
	Mumbai	Link Intime India Pvt. Ltd, C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai -400078	Pravin Kasare	022-25967878	022-25960329	Hand Delivery & Registered Post
	Ahmedabad	Link Intime India Pvt. Ltd, 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, Behind	Hitesh Patel	079-26465179	079-26465179	Hand Delivery

		Shoppers Plaza II, Off C G Road, Navrangpura, Ahmedabad - 380009				
	Bangalore	Link Intime India Pvt. Ltd., 543/A, 7TH Main , 3rd Cross, Hanumanthanagar, Bangalore - 560 019	Nagendra Rao	080- 265090 04	080- 2650 9004	Hand Delivery
	Baroda	Link Intime India Pvt. Ltd., B Tower, 102 B & 103, Sangrila Complex, First Floor, Radhakrishna Char Rasta, Akota, Vadodara - 390020	Alpesh Gandhi	0265- 235657 3 / 235679 6 / 235679 4	0265- 2356 791	Hand Delivery
	Kolkata	Link Intime India Pvt. Ltd, 59C, Chowringhee Road, 3rd Floor, Kolkata -700020	S.P. Guha	033- 228905 39/40	033- 2289 0539/ 40	Hand Delivery
	New Delhi	Link Intime India Pvt. Ltd., 44 Community Centre, 2nd Floor, Nariana Industrial Area Phase I, Near PVR, Nariana, New Delhi - 110 028	Swapan Naskar	011- 414105 92/93/9 4	011- 4141 0591	Hand Delivery
	Pune	Link Intime India Pvt. Ltd, Block No 202, 2nd Floor, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune - 411 001.	Rajeeva Koteswar	020- 261600 84/ 261616 29	020 - 2616 3503	Hand Delivery
	Chennai	C/o SGS Corporate Solutions India Pvt. Ltd., Indira Devi Complex, II Floor, No.20, Gopalakrishna Street, Pondy Bazaar, T. Nagar, Chennai- 600 017	Mrs. Solly Soy	044- 281526 72/ 4207 0906	044- 2815 2672	Hand Delivery

Applicants who do not live in any of cities referred to above, may send the Form of Acceptance, along with all the relevant documents, by registered post with acknowledgement due or by courier, at their own risk and cost, to the Registrar to the Offer at its address: c/o Mr. Pravin Kasare, Link Intime India Private Limited, Unit: ICRA India – Open Offer, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078 (Contact nos.: +91 22 25967878;+91 22 25960329, e-mail: icra.offer@linkintime.co.in) so as to reach the Registrar to the Offer on or before 16 June 2014, i.e., closure of the Tendering Period.

7.7.2 Documents to be delivered by all Shareholders:

(a) For Equity Shares held in the dematerialized form:

- (i) Form of Acceptance duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Equity Shares, as per the records of the DP.

- (ii) Photocopy of the Delivery Instruction in “Off-market” mode or counterfoil of the delivery instruction slip in “Off-market” mode, duly acknowledged by the DP.

Please note the following:

- (i) For each Delivery Instruction, the beneficial owner should submit a separate Form of Acceptance.
- (ii) The Registrar to the Offer is not bound to accept those acceptances, for which corresponding Equity Shares have not been credited to the Special Account or for Equity Shares that are credited in the Special Account but the corresponding Form of Acceptance has not been received as on the closure of the Tendering Period.

In the case of registered resident Shareholders, non-receipt of the Form of Acceptance, but credit of the Equity Share to the Special Account, may be deemed to be acceptance of the Offer by such Shareholders.

- (b) In case of Equity Shares held in the physical mode by Shareholders:
 - (i) Form of Acceptance should be duly completed and signed, in accordance with the instructions contained therein, by all Shareholders. In case of Equity Shares held in joint names, names should be filled up in the same order in which they hold Equity Shares in the Company. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer;
 - (ii) Original Equity Share certificate(s);
 - (iii) Valid Share transfer form(s) duly signed by transferor (by all the Shareholders in case the Equity Shares are in joint names) as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place(s). The transfer form(s) should be left blank, except for the signatures and witness details as mentioned above. Attestation, where required (as indicated in the transfer form(s)) (for example, thumb impressions, signature difference, etc.) should be done by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a public office and authorized to use the seal of his office or a member of a recognized stock exchange under its seal of office and membership number or manager of the transferor’s bank. Notwithstanding that the signature(s) of the transferor(s) has been attested as aforesaid, if the signature(s) of the transferor(s) differs from the specimen signature(s) recorded with the Target Company or are not in the same order, such Equity Shares are liable to be rejected in this Offer; and
 - (iv) For Equity Shares held in physical mode by resident Shareholders, in case of non-receipt of the duly completed Form of Acceptance, but receipt of other documents including the original share certificates, valid share transfer deeds and permanent account number prior to the closure of the Tendering Period, the Acquirer may, in its sole discretion, deem the Equity Shares to have been accepted under the Offer.
- (c) Non-resident Shareholders should enclose a copy of the permission received from RBI or other regulatory authority for the Equity Shares held by them. If the Equity Shares are held under the general permission of RBI, the non-resident Shareholder should furnish a copy of the relevant notification/circular pursuant to which the Equity Shares are held and state whether the Equity Shares are held on repatriable or non-repatriable basis. In case the above approvals from the RBI are not submitted, the Acquirer and the PAC reserve the right to reject such Equity Shares tendered.
- (d) The Shareholders should also provide all relevant documents which are necessary to ensure transferability of the Equity Shares in respect of which the application is being sent. Such documents may include, but are not limited to:
 - (i) Duly attested death certificate and succession certificate/probate/letter of administration (in case of single Shareholder) if the original Shareholder has expired;

- (ii) Duly attested power of attorney if any person apart from the Shareholder has signed the Form of Acceptance and/or transfer deed(s);
- (iii) No objection certificate from any lender, if the Equity Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance;
- (iv) In case of companies, the necessary corporate authorization (including certified copy of Board of Directors and/or general meeting resolution(s)); and
- (v) Any other relevant documents including those listed in this paragraph 7.

7.7.3 Equity Shares should not be submitted or tendered to the Manager to the Offer, the Acquirer, the PAC or the Target Company.

7.8 Procedure for acceptance of the Offer by unregistered Shareholders, owners of Equity Shares who have sent them for transfer or those who did not receive this LoF

7.8.1 The unregistered Shareholders holding Equity Shares in physical form may send the Form of Acceptance along with the required documents to the Registrar to the Offer on a plain sheet of paper stating the name, address, number of Equity Shares held, distinctive numbers, number of Equity Shares offered, number of Equity Shares tendered, distinctive numbers, folio number, together with the original Equity Share certificate(s), valid transfer deeds and the original contract notes issued by the broker through whom they acquired their Equity Shares and valid share transfer forms as received from the market, so as to reach the Registrar to the Offer on or before the closure of the Tendering Period, i.e., no later than 05:00 P.M. on 16 June 2014. Unregistered Shareholders holding Equity Shares in dematerialized form may send the application in writing to the Registrar to the Offer, on a plain sheet of paper stating the name, address, number of Equity Shares held, number of Equity Shares offered, DP name, DP ID, beneficiary account number and a photocopy of the Delivery Instruction, so as to reach the Registrar to the Offer, on or before the closure of the Tendering Period, i.e., no later than 16 June 2014.

7.8.2 Alternatively, Shareholders can also download the LoF and Form of Acceptance placed on the SEBI website www.sebi.gov.in and send in their acceptance by completing the same.

7.8.3 In case of Equity Shares held in the physical mode by unregistered Shareholders who have sent their share certificates and transfer deeds for transfer to the Target Company/its transfer agents, the acceptance shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company/its transfer agents, of the share certificate(s) and the transfer deed(s).

7.8.4 No indemnity will be required from unregistered Shareholders.

7.9 If the aggregate of the valid responses to the Offer exceeds the size of the Offer, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with the Regulations in consultation with the Manager to the Offer in a fair and equitable manner.

7.10 The unaccepted share certificates, transfer forms and other documents, if any, would be returned by registered post at the Shareholders' sole risk. Unaccepted Equity Shares held in dematerialized form will be credited back to the beneficial owners' depository account with the respective DP as per details received from their DP. It will be the responsibility of the Shareholders to ensure that the unaccepted Equity Shares are accepted by their respective DPs when transferred by the Registrar to the Offer. Shareholders holding Equity Shares in dematerialized form are requested to issue the necessary standing instruction for the receipt of the credit, if any, in their DP account. Shareholders should ensure that their depository account is maintained until the Offer formalities are completed.

7.11 The Registrar to the Offer will hold in trust the Equity Shares/share certificates, held in credit of the Special Account and transfer form(s) and the Form of Acceptance if any, on behalf of the Shareholders who have accepted the Offer, until the Acquirer and the PAC complete their obligations under the Offer in accordance with the Regulations.

7.12 Shareholders who have sent their Equity Shares for dematerialization need to ensure that the process of getting their Equity Shares dematerialized is completed well in time so that the credit in the Special Account is received on or before the closure of the Tendering Period (i.e., no later than 16 June 2014), else their application would be rejected. It is the sole responsibility of the Shareholders to ensure credit of their Equity Shares in the depository account above, prior to the closure of the Tendering Period.

7.13 Pursuant to Regulation 18(9) of the Regulations, Shareholders who have accepted the Offer by tendering the requisite documents in terms of the PA and LoF are not allowed to withdraw the same.

7.14 **Compliance with tax and other regulatory requirements**

7.14.1 General

- (a) As per the provisions of Section 195(1) of the IT Act, any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess as applicable). Since the consideration payable under the Offer would be chargeable to capital gains under Section 45 of the IT Act or as business profits or interest income (if any) as the case may be, the Acquirer and the PAC is required to deduct taxes at source (including surcharge and education cess).
- (b) Resident and non-resident Shareholders (including FII) are required to submit their Permanent Account Number (“**PAN**”) for income-tax purposes. In case a PAN is not submitted or is invalid or does not belong to the Shareholder, the Acquirer and the PAC will arrange to deduct tax at the rate of 20% (twenty percent) or at the rate in force or at the rate specified in the relevant provisions of the IT Act, whichever is higher.
- (c) In case of ambiguity, incomplete or conflicting information or the information (including any additional information or documents which may be requested by the Acquirer and PAC from a Shareholder for ascertaining the taxes to be deducted) not being provided to the Acquirer and PAC, it would be assumed that the Shareholder is a non-resident Shareholder and taxes shall be deducted at the maximum rate as may be applicable to the relevant category to which the Shareholder belongs under the IT Act, on the entire consideration and interest if any, payable to such Shareholder.
- (d) In the event the Acquirer and/or the PAC, on the basis of any misrepresentation, inaccuracy or omission of information provided by a Shareholder, fail to withhold/deduct the required tax, and as a result of such failure the Acquirer and/or PAC are called upon by the Income-tax authorities (by way of a demand notice or otherwise) for recovery of the shortfall in the taxes withheld/deducted by the Acquirer and/or PAC, the Acquirer and/or PAC shall be entitled to seek indemnification from such Shareholder towards any payments made by the Acquirer and/or PAC to the Income-tax authorities towards such shortfall, together with any interest, penalties, costs and expenses payable or incurred or to be incurred by the Acquirer and/or PAC in connection therewith.
- (e) Securities transaction tax will not be applicable to the Equity Shares accepted in this Offer.

7.14.2 Withholding tax implications for Non-resident Shareholders (other than FII)

- (a) While tendering Equity Shares under the offer, non-resident shareholders shall be required to submit a No Objection Certificate (“**NOC**”)/Tax Clearance Certificate (“**TCC**”) from the Income-tax authorities under Section 195(3) or Section 197 of the IT Act along with the Form of Acceptance, indicating the amount of tax to be deducted by the Acquirer and the PAC before remitting the consideration. The Acquirer and the PAC will arrange to deduct taxes at source in accordance with such NOC/TCC.
- (b) In case the aforesaid NOC or TCC is not submitted, the Acquirer and PAC will arrange to deduct tax at the maximum rate as may be applicable to the relevant category to which the Shareholder belongs under the IT Act, on the entire consideration and interest if any, payable to such Shareholder.
- (c) As per a press release by the Government of India (*Ref: Notification No. 86/2013 dated 01 November 2013*) Cyprus has been notified as a notified jurisdictional area under Section 94A of the IT Act. Pursuant to the said notification, any transfer of Equity Shares from any non-resident shareholder to the Acquirer and PAC shall be deemed as an international transaction and accordingly, transfer pricing provisions shall apply, including maintenance of documentation. In order to comply with the said notification and the related requirements thereof, the Acquirer and PAC reserve the right to request the following information from any Shareholder who is a tax resident of Cyprus and any other jurisdiction which may be notified by the Government of India:
 - (i) description of the ownership structure, including name and address of individuals or other entities, holding more than 10% (ten percent) shareholding or ownership

interests, either directly or indirectly;

- (ii) profile of the multinational group to which the seller belongs to, along with name, address, legal status and country of tax residence of each of the group entities which are tendering shares in the open offer along with its relationship with the selling entity;
- (iii) broad description of the business of the seller and the industry it operates in; and
- (iv) any other information, data or document, which may be relevant for the transaction.

7.14.3 Withholding tax implications for FII

- (a) As per provisions of Section 196D(2) of the IT Act, no deduction of tax at source will be made from any income by way of capital gains arising from transfer of securities referred to in Section 115AD of the IT Act to a FII as defined in Section 115AD of the IT Act.
- (b) A FII should certify ("**FII Certificate**") the nature of its income arising from the sale of Equity Shares as per the IT Act (whether capital gains or otherwise). In the absence of a FII Certificate to the effect that their income from sale of shares is in the nature of capital gains, the Acquirer and PAC will deduct tax at the maximum rate applicable to the category to which such FII belongs on the entire consideration payable to such FII. In the event that the FII submits a NOC or TCC from the Income-tax authorities under Section 195(3) or Section 197 of the IT Act along with the Form of Acceptance, indicating the amount of tax to be deducted by the Acquirer before remitting consideration, the Acquirer and PAC will deduct tax in accordance with the NOC/TCC.
- (c) As mentioned in Para 7.14.2(c) above, Cyprus has been notified as a notified jurisdictional area under Section 94A of the IT Act. Pursuant to the said notification, any transfer of Equity Shares from an FII which does not certify that the nature of its income arising from the sale of Equity Shares to the Acquirer and PAC is in the nature of capital gains shall be deemed as an international transaction and accordingly, transfer pricing provisions shall apply, including maintenance of documentation. In order to comply with the said notification and the related requirements thereof, the Acquirer and PAC reserve the right to request the following information from any FII who is a tax resident of Cyprus and any other jurisdiction which may be notified by the Government of India:
 - (i) description of the ownership structure, including name and address of individuals or other entities, holding more than 10% (ten percent) shareholding or ownership interests; either directly or indirectly;
 - (ii) profile of the multinational group to which the seller belongs to, along with name, address, legal status and country of tax residence of each of the group entities which are tendering shares in the open offer along with its relationship with the selling entity;
 - (iii) broad description of the business of the seller and the industry it operates in; and
 - (iv) any other information, data or document, which may be relevant for the transaction.
- (d) In respect of interest income, in the event that the FII submits a NOC or TCC from the Income-tax authorities indicating the amount of tax to be deducted by the Acquirer and PAC under the IT Act, the Acquirer and PAC will deduct tax in accordance with the NOC/TCC so submitted. In absence of such NOC/TCC, the Acquirer and PAC will arrange to deduct tax at the maximum rate applicable to the category to which such FII belongs.

7.14.4 Tax to be deducted in case of resident Shareholders

- (a) In the absence of any specific provision under the IT Act, the Acquirer and PAC will not deduct tax on the consideration payable to resident Shareholders in respect of gains arising on transfer of Equity Shares under this Offer.

- (b) The Acquirer and PAC will deduct the tax at the stipulated rates (including surcharge and education cess, if applicable) on interest, if any, payable to resident Shareholders, if the amount of interest payable is in excess of INR 5,000 (Rupees five thousand only).
 - (c) The resident Shareholder claiming no tax is to be deducted or tax to be deducted at a lower rate on interest amount, should submit along with the Form of Acceptance a NOC or TCC from the Income-tax authorities indicating the amount of tax to be deducted by the Acquirer or, in the case of resident Shareholder not being a company or firm, a self declaration in form 15G or form 15H, as may be applicable. The self declaration in form 15G or form 15H would not be valid unless the resident Shareholder furnishes PAN in such declaration. In case the aforesaid NOC or TCC or form 15G or 15H, if applicable, is not submitted, the Acquirer and PAC will arrange to deduct tax at the stipulated rate (including surcharge and education cess, if applicable) on interest, if any, payable to resident Shareholders, if the amount of interest payable is in excess of INR 5,000 (Rupees five thousand only). Also, no tax is to be deducted on the interest amount in the case of resident Shareholder being a mutual fund as per Section 10(23D) of the IT Act or a bank/an entity specified under Section 194A(3)(iii) of the IT Act if it submits a copy of the relevant registration or notification along with the Form of Acceptance.
- 7.14.5 Notwithstanding anything contrary contained in paragraphs 7.14.2 to 7.14.4 above and in case the PAN of the Shareholder is not submitted or is invalid or does not belong to the Shareholder or in case of any ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer and PAC, the provisions contained under clause (b) and (c) of paragraph 7.14.1 above, respectively, shall be applicable.
- 7.14.6 Issue of withholding tax certificate
- The Acquirer and PAC will issue a certificate in the prescribed form to the Shareholders (resident and non- resident) who have been paid the consideration and interest, if any, after deduction of tax on the same certifying the amount of tax deducted and other prescribed particulars.
- 7.14.7 Withholding taxes in respect of overseas jurisdictions
- (a) Apart from the above, the Acquirer and the PAC will be entitled to withhold tax in accordance with the tax laws applicable in the overseas jurisdiction where the non-resident Shareholder is a resident for tax purposes (“**Overseas tax**”).
 - (b) For this purpose, the non-resident Shareholder shall duly represent in the Form of Acceptance the quantum of the Overseas tax to be withheld as per the relevant tax laws of the country in which the non-resident Shareholder is a tax resident, and the Acquirer and the PAC will be entitled to rely on this representation at their/its sole discretion.
- 7.15 The tax rates and other provisions may undergo changes. Tax will be withheld as per the laws/rates prevailing at the time of making payment to the Shareholders.
- 7.16 Shareholders who wish to tender their Equity Shares must submit the information all at once as given in the Form of Acceptance and those that may be additionally requested for by the Acquirer and PAC. The documents submitted by the Shareholders along with the Form of Acceptance will be considered as final. Any further/delayed submission of additional documents, unless specifically requested by the Acquirer will be accepted at the sole discretion of the Acquirer and PAC.
- 7.17 The final decision to withhold tax or not, or the quantum of taxes to be withheld rests solely with the Acquirer and PAC.
- 7.18 Taxes once withheld will not be refunded by the Acquirer and PAC under any circumstances. The tax withheld under this Offer is not the final liability of the Shareholders or in no way discharges the obligation of Shareholders to disclose the amount received pursuant to this Offer.
- 7.19 All Shareholders are advised to consult their tax advisors for the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer, the PAC and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice. The aforesaid treatment of tax deduction at source may not necessarily be the treatment also for filing the return of income.
- 7.20 Shareholders who wish to tender their Equity Shares must submit the following tax related information along with the Form of Acceptance:

- (a) For non-resident Shareholders (other than FII)
 - (i) Self-attested copy of PAN card;
 - (ii) NOC or TCC from the Income-tax authorities;
 - (iii) Declaration in respect of residential status, status of Shareholders (e.g. individual, firm, company, FII, trust or any other - please specify); and
 - (iv) Any previous RBI Approval (specific or general) that they may have been required to obtain prior to acquiring the Equity Shares.
- (b) For FIIs
 - (i) Self-attested copy of PAN card;
 - (ii) NOC or TCC from the Income-tax authorities (to the extent applicable);
 - (iii) Declaration in respect of residential status, status of Shareholders (e.g., individual, firm, company, FII, trust or any other - please specify);
 - (iv) FII Certificate (i.e., self-attested declaration certifying the nature of income arising from the sale of Equity Shares, whether capital gains or otherwise);
 - (v) SEBI registration certificate; and
- (c) For resident Shareholders
 - (i) Self-attested copy of PAN card;
 - (ii) Declaration in respect of residential status, status of Shareholders (e.g., individual, firm, company, institutional investor, trust or any other - please specify);
 - (iii) If applicable, self-declaration form in form 15G or form 15H (in duplicate), as applicable;
 - (iv) NOC or TCC from the Income-tax authorities (applicable only for the interest payment, if any); and
 - (v) For mutual funds/banks/other specified entities under Section 10(23D)/194A(3)(iii), as applicable, of the IT Act – Copy of relevant registration or notification (applicable only for interest payment, if any).
- (d) In case of any non-resident Shareholder (including FII) who is a tax resident of Cyprus or any other jurisdiction which may be notified by the Government of India in this regard, the Acquirer and PAC reserve the right to request the following information:
 - (i) description of the ownership structure, including name and address of individuals or other entities, holding more than 10% (ten percent) shareholding or ownership interests; either directly or indirectly;
 - (ii) profile of the multinational group to which the seller belongs to, along with name, address, legal status and country of tax residence of each of the group entities which are tendering shares in the open offer along with its relationship with the selling entity;
 - (iii) broad description of the business of the seller and the industry it operates in; and
 - (iv) any other information, data or document, which may be relevant for the transaction.

7.21 All cheques/demand drafts/pay orders will be drawn in the name of the first holder, in case of joint holder(s). In case of unregistered owners of Equity Shares, payment will be made in the name of the person stated in the contract note. It will be desirable if the Shareholders provide bank account details in the Form of Acceptance for incorporation in the cheque/demand draft/pay order.

7.22 The payment to the Shareholders would be made, within 10 (ten) days from the closure of the Tendering Period (i.e., 30 June 2014) through various modes as follows:

Payment to those Shareholders whose Equity Share are validly accepted, will be by way of a crossed account payee cheque / demand draft / pay order / through Direct Credit (“DC”) / National Electronic Clearance System (“NECS”) / National Electronic Funds Transfer (“NEFT”) / Real Time Gross Settlement (“RTGS”). The Shareholders who opt for receiving consideration through NECS/NEFT/RTGS are requested to give the authorization for the same in the Form of Acceptance and enclose a photocopy of cheque along with the Form of Acceptance. In case of the Shareholder(s) holding the Equity Shares in physical form, if the bank account details are not provided, then the consideration will be dispatched in the name of the sole/first named holder at his registered address (at its own risk). The decision regarding the acquisition (in part or full), or rejection of, the Equity Shares tendered in this Offer and (i) any corresponding payment for the acquired Equity Shares and/or (ii) the Equity Share certificates for any rejected Equity Shares, will be dispatched to the Shareholders by registered post / speed post, at the Shareholder’s sole risk. The Equity Shares held in dematerialized form to the extent not acquired will be credited back to the same account from which they were tendered.

For Shareholders who do not opt for electronic mode of transfer or whose payment consideration is rejected / not credited through DC / NECS / NEFT / RTGS, due to technical errors or incomplete / incorrect bank account details, payment consideration will be dispatched through registered / speed post at the Shareholder's sole risk.

- 7.23 The Acquirer will not be responsible in any manner for any loss of share certificate(s) and/or offer acceptance documents during transit and the Shareholders of the Target Company are advised to adequately safeguard their interest in this regard. In case of any lacunae or defect or modifications in the documents or forms submitted, the acceptance is liable to be rejected.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection to the Shareholders at the office of the Manager to the Offer situated at 1202, 12th Floor, First International Finance Centre, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 on all working days (i.e., Monday to Friday) between 10:00 A.M. to 04:00 P.M. during the Tendering Period:

- 8.1 Certificate of incorporation, memorandum and articles of association of the Acquirer;
- 8.2 Chartered Accountant certificate certifying the adequacy of financial resources with the Acquirer to fulfill the Offer obligations;
- 8.3 Audited annual reports of the Acquirer and Target Company for the last three years;
- 8.4 A letter from Citibank confirming the amount kept in the Escrow Account and a lien in favour of the Manager to the Offer;
- 8.5 A copy of PA, published copy of the DPS, issue opening PA and any corrigendum to these;
- 8.6 A copy of the recommendation made by the Target Company's committee of independent directors constituted by the Board of Directors;
- 8.7 A copy of the comments letter from SEBI;
- 8.8 A copy of the agreement entered into with the DP for opening a Special Account for the purpose of the Offer;
- 8.9 A copy of the approval received by the Acquirer from (i) the RBI under the FEMA for acquiring Equity Shares validly tendered under this Offer (i.e., Equity Shares tendered by NRIs); and (ii) the SEBI under the SEBI (Credit Rating Agencies) Regulations 1999 for change in control of the Target Company; and
- 8.10 Escrow Agreement referred to in paragraph 5.2.4.

9. DECLARATION BY THE ACQUIRER AND PAC

The Acquirer, the PAC and the respective Board of Directors of the Acquirer and each of the PAC accept full responsibility for the information contained in this LoF and also accept responsibility for the obligations of the Acquirer and the PAC as laid down in the Regulations. The Acquirer and the PAC shall be severally and jointly responsible for ensuring compliance with the Regulations. All information pertaining to the Target Company has been obtained from publicly available sources (except information set out in paragraphs 4.1, 4.3, 4.4, 4.5, 4.6, 4.10, 4.12, 4.13 and 5.1.7 of this LoF) and the accuracy thereof has not been independently verified by the Manager to the Offer.

The person(s) signing this LoF are duly and legally authorized by the Acquirer and the PAC.

Signed by

Sd-

For Moody's Singapore Pte Ltd, Moody's Investment Company India Private Limited & Moody's Corporation

Name : David Platt
Designation : Authorized Signatory/Attorney Holder
Date : 22 May 2014
Place : New York

ENCL: (i) Form of Acceptance-cum-Acknowledgement; and
(ii) Share transfer deed.

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

ICRA Limited

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form of Acceptance with enclosures to Link Intime India Private Limited at any of the Collection Centres as mentioned in the Letter of Offer)

(All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

From

Folio No./DP ID No./Client ID No.:

OFFER OPENS ON	June 3, 2014
OFFER CLOSES ON	June 16, 2014

Name:

Address:

Tel No.:

Fax No.:

Email:

To, The Acquirer – Moody's Singapore Pte Ltd C/o Link Intime India Private Limited C-13 Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai - 400 078, India Contact person: Mr. Pravin Kasare Tel: +91 22 2596 7878; Fax: +91 22 2596 0329 Email: icra.offer@linkintime.co.in	Status of the Shareholder (Please tick whichever is applicable)			
	☐ Individual	☐ Company	☐ FII	☐ FVCI
	☐ Partnership / Proprietorship firm / LLP	☐ Private Equity Fund	☐ Pension/ Provident Fund	☐ Sovereign Wealth Fund
	☐ Foreign Trust	☐ Financial Institution	☐ NRIs / PIOs	☐ Insurance Company
	☐ OCB	☐ Domestic Trust	☐ Banks	☐ Others _____

Dear Sir,

Sub: Open offer for acquisition of 2,650,000 (two million six hundred and fifty thousand) Equity Shares at Rs. 2,000 (Rupees two thousand) from Shareholders of ICRA Limited (the "Target Company") by Moody's Singapore Pte Ltd (the "Acquirer") along with Moody's Investment Company India Private Limited ("PAC-1") and Moody's Corporation ("PAC-2") as Persons Acting in Concert with the Acquirer ("PAC") under Regulation 3(2) and Regulation 4 of the SEBI (Substantial Acquisition of Equity Shares and Takeovers) Regulations, 2011 and amendments thereto.

I/We refer to the Public Announcement dated 21 February 2014, Detailed Public Statement dated 03 March 2014 and the Letter of Offer dated 22 May 2014 for acquiring the Equity Shares held by me/us in ICRA Limited. I/We, the undersigned, have read the Public Announcement, Detailed Public Statement and Letter of Offer and understood their contents and unconditionally accepted the terms and conditions as mentioned therein.

I/We acknowledge and confirm that all the particulars/statements given herein are true and correct.

☐ **SHARES IN DEMATERIALIZED FORM**

I/We, holding Equity Shares in the dematerialized form, accept the Offer and enclose the photocopy of the delivery instruction in "Off-market" mode, duly acknowledged by the Depository Participant ("DP") in respect of my Equity Shares as detailed below:

DP Name	DP ID	Client ID	Beneficiary Name	No. of Equity Shares

I/We have done an off-market transaction for crediting the Equity Shares to the special depository account as detailed below with the DP in NSDL styled account whose particulars are:

Depository Name	NSDL
DP Name	VENTURA SECURITIES LIMITED
DP ID Number	IN303116
Account Name	LIPL ICRA OPEN OFFER ESCROW ACCOUNT
Beneficiary Account Number	11334935
ISIN	INE725G01011
Market	OFF MARKET

Shareholders having their beneficiary account with CDSL will have to use inter-depository slip for the purpose of crediting their Equity Shares in favour of the Special Account with NSDL.

Shareholders should ensure that the Shares are credited in the aforementioned account before the close of business hours on 16 June 2014.

I/We note and understand that the Equity Shares would lie in the special depository account until the time the Acquirer and PAC dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer and PAC will pay the purchase consideration, subject to withholding tax, if any, only after verification of the documents and signatures.

☐ **SHARES IN PHYSICAL FORM**

I/We, accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our Shares as detailed below.

Sr. No.	Ledger Folio No(s)	Certificate No(s)	Distinctive No(s)		No. of Equity Shares
			From	To	
(In case the space provided is inadequate, please attach a separate sheet with details.)					
Total No. of Equity Shares					

I/We note and understand that the Registrar to the Offer will hold the original share certificate(s) and valid share transfer deed in trust for me/us until the time the Acquirer and PAC dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer and/or PAC will pay the purchase consideration only after verification of the documents and signatures.

Enclosures (Please tick as appropriate, if applicable)

- ☐ Photocopy or counterfoil of the delivery instructions in "off market" mode duly acknowledged by the Shareholders DP.
- ☐ Duly attested Power of Attorney, if any person apart from the shareholder, has signed the acceptance form or transfer deed(s).
- ☐ Corporate authorization in case of Companies along with Board Resolution and Specimen Signatures of Authorised Signatories.
- ☐ Duly attested Death Certificate and Succession Certificate (in case of single shareholder) in case the original shareholder has expired.
- ☐ Others (please specify):

I/We confirm that the Equity Shares of ICRA Limited, which are being tendered herewith by me/us under the Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We also note and understand that the Acquirer and PAC will pay the purchase consideration only after verification of the documents and signatures.

I/We authorize the Acquirer and PAC to accept the Equity Shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorize the Acquirer and PAC to return to me/us, share certificate(s)/Equity Shares in respect of which the Offer is not found valid/not accepted without specifying the reasons thereof.

I/We authorize the Acquirer and PAC, the Registrar to the Offer and the Manager to the Offer to send by Registered Post/UCP as may be applicable at my/our risk, the draft/cheque/warrant, in full and final settlement of the amount due to me/us and/or other documents or papers or correspondence to the sole/first holder at the address mentioned below. In case I have tendered my Equity Shares in dematerialized form, I authorize the Acquirer and PAC, Registrar to the Offer and the Manager to the Offer to use my details regarding my address and bank account details as obtained from my depository participant for the purpose of mailing the aforementioned instruments.

I/We authorize the Acquirer and PAC to accept the Equity Shares so offered or such lesser number of Equity Shares that it may decide to accept in terms of the Letter of Offer and I/We authorize the Acquirer and PAC to split / consolidate the share certificates comprising the Equity Shares that are not acquired to be returned to me/us and for the aforesaid purposes the Acquirer and PAC are hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

Bank Details

Permanent Account Number (PAN) allotted under the Income Tax Act, 1961 is as under:

	1st Shareholder	2nd Shareholder	3rd Shareholder
PAN			

So as to avoid fraudulent encashment in transit, shareholder(s) holding Equity Shares in physical form should provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly. For the Equity Shares that are tendered in electronic form, the bank account details obtained from the beneficiary position download to be provided by the depositories will be considered and the consideration payment will be issued with the said bank particulars. Please indicate the preferred mode of receiving the payment consideration.

(Please tick)

- ☐ Electronic Mode
- ☐ Physical Mode

Shareholders who opt for receiving consideration through DC/NEFT/RTGS/NECS are requested to enclose a photocopy of a cancelled cheque along with the Form of Acceptance.

Sr. No.	Particulars Required	Details
1)	Bank Name	
2)	Complete Address of the Bank	
3)	Account Type (CA/SB/NRE/NRO/Others – Please Mention)	
4)	Account No.	
5)	9 Digit MICR Code	
6)	IFSC Code (for RTGS/NEFT transfers)	

Tax related information (refer paragraphs 7.14 to 7.20)

For all Shareholders

I / We, confirm that our residential status -under the Income-tax Act, 1961 ("IT Act") is:

- ☐ Non-resident. If yes, please state country of tax residency - _____
- ☐ Resident

I / We, confirm that our status is:

- ☐ Individual
- ☐ HUF
- ☐ Firm
- ☐ Company
- ☐ Association of Person / Body of Individual
- ☐ Trust
- ☐ Any other - please specify _____

For FII and FII sub-account Shareholders:

I / We, confirm that income arising from the transfer of Equity Shares of ICRA Limited tendered by me / us is in the nature of (select *whichever is applicable*):

- ☐ Capital gains
- ☐ Any other income

I / We, have enclosed the following documents:

- ☐ Self attested copy of PAN Card
- ☐ No objection certificate / Tax clearance certificate from the Income tax authorities under Section 195(3) or Section 197 under the IT Act
- ☐ SEBI registration certificate for FIIs

For non-resident Shareholders (other than FII)

- ☐ Self attested copy of PAN card
- ☐ NOC / TCC from the Indian Income tax authorities under Section 195(3) or Section 197 under the IT Act
- ☐ RBI approvals for acquiring Equity Shares of ICRA Limited hereby tendered in the Offer

I/We confirm that _____[Please specify the amount / rate of Overseas tax to be withheld] is deductible on the entire consideration towards Overseas tax as per the relevant tax laws of the country in which I/we am/are a tax resident. (Please refer to paragraph 7.14.7 of the Letter of Offer)

For resident Shareholders

I / We, have enclosed the following documents:

- ☐ Self-attested copy of PAN card
- ☐ NOC / TCC from the Indian Income-tax authorities under Section 195(3) or Section 197 under the IT Act (applicable only for interest, if any)
- ☐ Self-declaration form in Form 15G / Form 15H, if applicable
- ☐ For Mutual fund/Banks/Notified Institution under Section 194A (3)(iii)(f) of the IT Act, copy of relevant Registration or notification (applicable only for interest payment, if any)

Yours faithfully,
Signed and Delivered,

	Full Name(s) of the Shareholders	Signature
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Note: In case of joint holdings, all Shareholders must sign. In case of body corporate, the company seal should be affixed

Place: _____ Date: _____

SHAREHOLDERS ARE REQUESTED TO NOTE THAT THE ACCEPTANCE FORMS / SHARES THAT ARE RECEIVED BY THE REGISTRAR TO THE OFFER AFTER CLOSURE OF THE TENDERING PERIOD i.e. BY 5.00 P.M. ON 16 JUNE 2014 SHALL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCES AND HENCE ARE LIABLE TO BE REJECTED.

-----Tear along this line-----

Acknowledgement Slip

ICRA Limited-OPEN OFFER

Sr. No. _____

(To be filled in by the shareholder) (Subject to verification)

Received from Mr./Ms. _____ a Form of Acceptance cum Acknowledgement for _____ Shares along with:

Physical Shares: Folio No. _____ / Demat Shares: DP ID: _____; Client ID : _____

Form of Acceptance along with:

- ☐ Copy of depository instruction slip for [_____] number of Shares from DP ID _____ Client ID _____
- ☐ _____ Share certificate(s) _____ transfer deed(s) under folio number(s) _____

(Tick whichever is applicable)
for accepting the Offer made by the Acquirer and PAC.

Stamp of Collection Centre:		Signature of Official:		Date of Receipt:	
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-----Tear along this line -----

Note: All future correspondence, if any, should be addressed to Registrar to the Offer

Link Intime India Private Limited
Unit: ICRA India – Open Offer
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai 400 078
+91 22 25967878;
+91 22 25960329
Email: icra.offer@linkintime.co.in
Contact Person: Mr. Pravin Kasare
SEBI Registration No: INR000004058

Note: Business Hours: Monday to Friday 10:00 A.M. to 1.00 P.M. and 2.00 P.M. to 5:00 P.M., except Public Holidays

INSTRUCTIONS:

PLEASE NOTE THAT NO SHARES / FORMS SHOULD BE SENT DIRECTLY TO THE ACQUIRER AND PAC OR TO THE MANAGER TO THE OFFER

- (1) All queries pertaining to the Offer may be directed to the Registrar to the Offer.
- (2) Shareholders are required to deliver the following documents:
 - (a) For Equity Shares held in dematerialized form:
 - (i) Form of Acceptance duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Equity Shares, as per the records of the DP.
 - (ii) Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction slip in "Off-market" mode, duly acknowledged by the DP.
 - Further, please note the following:
 - (i) For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance.
 - (ii) The Registrar to the Offer is not bound to accept those acceptances, for which corresponding Equity Shares have not been credited to the Special Account or for Equity Shares that are credited in the Special Account but the corresponding Form of Acceptance has not been received as on the Offer Closing Date.
 - (b) For Equity Shares held in physical mode by registered Shareholders:
 - (i) form of Acceptance should be duly completed and signed, in accordance with the instructions contained therein, by all Shareholders. In case of Equity Shares held in joint names, names should be filled up in the same order in which they hold Equity Shares in the Target Company. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer;
 - (ii) original Equity Share certificate(s); and
 - (iii) valid Share transfer form(s) duly signed by transferor (by all the Shareholders in case the Equity Shares are in joint names) as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place(s).
- (3) In case of shares held in joint names, names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold Equity Shares in the Target Company, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.
- (4) In case where the signature is subscribed by thumb impression, the same shall be verified and attested by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.
- (5) Persons who own physical Equity Shares (as on the Identified Date or otherwise) but are not the registered holders of such Equity Shares and who desire to accept the Offer, will have to communicate their acceptance in writing to the Registrar to the Offer together with the original contract note issued by the broker, the share certificate(s), the transfer deed(s) with the buyers details not filled in and other relevant documents. In case the share certificate(s) and transfer deed(s) are lodged with the Target Company/its transfer agents for transfer, then the Form shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company/its transfer agents, of the share certificate(s) and transfer deed(s). Persons under this clause should submit their acceptance and necessary documents by registered post or in person to the Registrar at their offices as mentioned above.

The sole/first holder may also mention particulars relating to savings/current account number and the name of the bank and branch with whom such account is held in the respective spaces allotted in the Form, to enable the Registrar to print the said details in the cheques after the name of the payee.
- (6) Non-resident Shareholders should enclose copy(ies) of permission received from the RBI to acquire Equity Shares held by them in the Target Company. OCBs (as defined under the FEMA) are requested to seek a specific approval of the RBI for tendering their shares and a copy of such approval must be provided along with other requisite documents.
- (7) Shareholders are also advised to refer to Section 7 of the Letter of Offer regarding important disclosures on taxation of the consideration to be received by them and the tax related information to be provided with the Form of Acceptance.
- (8) In case of bodies corporate, certified copies of appropriate authorization (including Board/shareholder resolutions, as applicable) authorizing the sale of Equity Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.
- (9) All the Shareholders should provide all relevant documents which are necessary to ensure transferability of the Equity Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):
 - (a) Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.
 - (b) Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).
 - (c) No objection certificate from any lender, if the Equity Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
- (10) Shareholders who wish to tender their Equity Shares must submit the information as requested for in the Letter of Offer and/or this Form of Acceptance all at once. The documents submitted by the shareholders along with the Form of Acceptance will be considered as final. Any further / delayed submission of additional documents, unless specifically requested by the Acquirer will be accepted at the sole discretion of the Acquirer.
- (11) Shareholders who have accepted the Offer by tendering the requisite documents in terms of the PA and LoF are not allowed to withdraw the same as per Regulation 18(9) of the Regulations.
- (12) In case PAN is not submitted or is invalid or does not belong to the Shareholder, Acquirer and PAC will arrange to deduct tax at the rate of 20% (twenty percent) or at the rate in force or at the rate specified in the relevant provisions of the IT Act, whichever is higher.
- (13) In case of ambiguity, incomplete or conflicting information or the information (including any additional information or documents which may be requested by the Acquirer and PAC from a Shareholder for ascertaining the taxes to be deducted) not being provided to the Acquirer and PAC, it would be assumed that the Shareholder is a non-resident Shareholder and taxes shall be deducted at the maximum rate as may be applicable to the relevant category to which the Shareholder belongs under the IT Act, on the entire consideration and interest if any, payable to such Shareholder.
- (14) In the event the Acquirer and/or the PAC, on the basis of any misrepresentation, inaccuracy or omission of information provided by a Shareholder, fail to withhold/deduct the required tax, and as a result of such failure the Acquirer and/or PAC are called upon by the Income-tax authorities (by way of a demand notice or otherwise) for recovery of the shortfall in the taxes withheld/deducted by the Acquirer and/or PAC, the Acquirer and/or PAC shall be entitled to seek indemnification from such Shareholder towards any payments made by the Acquirer and/or PAC to the Income-tax authorities towards such shortfall, together with any interest, penalties, costs and expenses payable or incurred or to be incurred by the Acquirer

and/or PAC in connection therewith.

- (15) As per press release by the Government of India (Ref: Notification No. 86/2013 dated 01 November 2013) Cyprus has been notified as a Notified Jurisdictional Area under Section 94A of the IT Act. Pursuant to the said notification, any transfer of Equity Shares from any non-resident shareholder (including FII) to the Acquirer and PAC shall be deemed as an international transaction and accordingly, transfer pricing provisions shall apply, including maintenance of documentation. In order to comply with the said notification and the related requirements thereof, the Acquirer and PAC reserve the right to request the following information from any shareholder who is a tax resident of Cyprus and any other jurisdiction which may be notified by the Government of India:
- (a) description of the ownership structure, including name and address of individuals or other entities, holding more than 10% (ten percent) shareholding or ownership interests; either directly or indirectly;
 - (b) profile of the multinational group to which the seller belongs to, along with name, address, legal status and country of tax residence of each of the group entities which are tendering shares in the open offer along with its relationship with the selling entity;
 - (c) broad description of the business of the seller and the industry it operates in; and
 - (d) any other information, data or document, which may be relevant for the transaction.
- (16) Tax rates and other related provisions may undergo changes. Tax will be withheld as per the laws / rates prevailing at the time of making payment to the shareholders.
- (17) Taxes once withheld will not be refunded by the Acquirer under any circumstances. The tax withheld under this Offer is not the final liability of the Shareholders or in no way discharges the obligation of Shareholders to disclose the amount received pursuant to this Offer.
- (18) Shareholders are advised to consult their tax advisors for the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer/PAC and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice. The aforesaid treatment of tax deduction at source may not necessarily be the treatment also for filing the return of income.
- (19) The final decision to withhold tax or not, or the quantum of taxes to be withheld rests solely with the Acquirer.

FOR DETAILED PROCEDURE FOR TENDERING THE SHARES IN THE OFFER REFER TO THE LETTER OF OFFER

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