



ICRA

ICRA Limited

August 2, 2018

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001, India
Scrip Code: 532835

National Stock Exchange of India Limited
Exchange Plaza,
Plot no. C/1, G Block
Bandra-Kurla Complex
Bandra (East)
Mumbai - 400 051, India
Symbol: ICRA

Dear Sir/Madam,

Sub.:- Annual General Meeting Notice update

We understand that, certain proxy advisory firms (“**Advisory Firms**”) have recommended a vote against special resolutions for approval of Employees Stock Options Scheme, 2018 (“**ESOP Scheme**”) that ICRA Limited (“**the Company**” or “**ICRA**”) has proposed to its members for approval in the Notice of the Twenty Seventh Annual General Meeting.

ICRA has reviewed the reports of the Advisory Firms and is accordingly, sharing certain clarifications for consideration of our shareholders, which may help our shareholders while making their decisions on the proposal relating to approval of the ESOP Scheme.

Regulations 17 and 22 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014 (“**SEBI ESOP Regulations**”), grants freedom to the company to determine the exercise price of the options granted. Regulation 6(2) of SEBI ESOP Regulations provides that the explanatory statement to the notice and resolution proposed to be passed by the shareholders for the scheme shall include the information as specified by SEBI. SEBI circular No. CIR/CFD/POLICY CELL/2/2015 dated 16th June 2015 (“**SEBI Circular**”) prescribes that the explanatory statement shall, *inter-alia*, contain the information relating to exercise price, SAR price, purchase price or pricing formula.

The SEBI Circular does not, restrict the freedom specifically available to the company under Regulation(s) 17 and/or 22 to determine the exercise price.

It is common for companies to retain the discretion to determine the exercise price of ESOP/ESPS with the nomination and remuneration committee and, ICRA’s decision to retain the discretion to determine the exercise price of ESOP/ESPS with ICRA’s Nomination and Remuneration Committee (“**NRC**”) subject to a minimum exercise price equal to par value per share is in line with the common corporate practice.

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The SEBI Circular merely specifies that the information about exercise price etc. should be included in the explanatory statement.

Further, various assumptions on exercise price per option considered by Advisory Firms are not realistic, as the NRC is the appropriate authority to determine the exercise price of the proposed ESOP Scheme at the time of its grant.

Further, there is no discretionary power sought from shareholders in favour of the Board of Directors of ICRA to modify the ESOP Scheme. The delegation would only be exercised within what is permitted under the SEBI ESOP Regulations and other applicable laws, rules and regulations.

You are requested to take the above on record.

Regards,

Sincerely,

A handwritten signature in blue ink, appearing to read 'Naresh Takkar', is written over a horizontal line.

(Naresh Takkar)

Managing Director & Group CEO