

Brickwork Ratings Policy

1. **Ratings Mandate**

Brickwork Ratings (BWR) undertakes a rating assignment on receipt of a mandate from the client. This signifies that the client has accepted the terms/conditions stipulated by BWR in terms of fully co-operating with BWR for completing the assignment, and where necessary maintain surveillance and complete periodical review.

2. **Assignment of Rating and publishing**

Once Brickwork Rating Committee approval is received, the client is issued a Rating letter and provided with a copy of the draft rating rationale, to ensure that the factual information is correctly incorporated. All Initial Ratings issued by BWR and the Rating rationale need acceptance of the issuer within seven days of issue. On receipt of the client's acceptance of Rating, the rating rationale is published and also placed on BWR's website. Unaccepted Ratings shall also be published on the BWR website.

3. **Provisional Rating**

A provisional rating may be assigned when there is a need for completion of certain formalities and/or submission of final documents / proof of executed documents etc. Generally, a provisional rating would be assigned the final rating within a period of 6 months. For policy refer [Annexure I](#).

4. **Rating Appeal**

In the event, a client /issuer disagrees with the rating assigned, they can appeal for a review of the rating as detailed in [Annexure II](#).

5. **Ratings Surveillance/Review**

BWR maintains ongoing surveillance of all its ratings for the life of the rated issue/facility and conducts a Rating review on an annual basis for NCD/bonds and once in fifteen months for Bank Loan Ratings. BWR requires the co-operation of the client for periodically providing all information, financial statements, advising any significant developments, management changes etc. On receipt of required information and fee from the client, bankers, Trustees etc. as the case may be, a rating review will be carried out and rating will be advised to the client and also published. A rating review can be conducted at a shorter interval also depending on each case. While client acceptance of the rating is required for initial rating, acceptance is not required for a rating arising out of a review.

6. **Rating overdue for review and Issuer Non-cooperation**

All ratings assigned by BWR are valid for a specified period from the date of assignment depending on the nature of the instruments/facilities rated-(a) Ratings for short term instruments are valid for not more than 12 months (b) Ratings for medium/long term instruments are valid for 12 months (c) Bank loan ratings are normally valid for 12 months or shorter depending on the nature of the facilities

1. Where Annual Review of the Ratings assigned to Bond Issue/NCD Issue/Bank Loans, cannot be undertaken in time for any reasons, an advisory "Rating Not Reviewed" would be published on the BWR website immediately on the next working day. Action for issuing the advisory would be initiated in a) Bond/NCD rating cases where the annual rating review has become overdue - on the very next day after completing 12 months from the date of publishing the relevant Rating Rationale and (b) Bank loan Rating cases where annual review has become overdue - on the very next day after completing 15 months from the date of publishing the relevant Rating Rationale
2. However, even after further follow up by BWR, if there is no progress, then a review will be undertaken based on available information and a suitable rating will be assigned. In such cases the credit rating symbol shall be accompanied by the suffix "ISSUER NOT COOPERATING" in the same font size. The suffix shall be explained below and shall read as 'Issuer did not cooperate; based on best available information'.
3. Even after moving a rating to 'INC (Issuer Not Co-operating) Category', if the issuer provides surveillance mandate and the required information, fresh review can be done. Further, even when a rating is continuing under 'INC Category', if public information is available on any material events, BWR will take suo moto notice and initiate appropriate rating action.

For policy refer [Annexure III](#).

7. **Credit Watch**

Placing a rating on credit watch may be necessary under certain circumstances where it would be very difficult to make any reasonable assessment on the issuing Company's performance in the near term. It shall be the endeavor to take a Rating out of Credit Watch within a time frame of 6 months. For policy refer [Annexure IV](#).

8. **Rating Withdrawal**

Ratings issued by Brickwork Ratings will be under surveillance for the life of the rated instruments/credit facilities and till final redemption. A rating may be withdrawn under the following conditions:

1. NCDs / Market Instruments on full redemption on the due date or before maturity.
2. Withdrawal of NCD rating, where the instrument is not fully redeemed is also permitted, subject to the following conditions :
 1. Issuer makes a request to this effect and confirms that a rating [by another CRA] is available on that instrument.
 2. BWR should have rated the instrument continuously for 5 years or at least for 50% of the tenure of the instrument, whichever is higher.
3. Bank Loan Ratings can be withdrawn subject to compliance of the following :

1. The customer should make a written request.
2. No Objection Certificate (NOC) from the lending banker [sole banking], Lead bank [consortium], top 2 banks [Multiple Banking Arrangement], to be submitted.
3. In case of INC category and there is no request from the client or NOC from the lender, BWR will serve a notice of withdrawal on both parties. If there is no response within 15 days, a rating will be assigned based on the available information and the same will be withdrawn simultaneously.
4. In case of Issuer Rating, if a mandate is not received even after 13 months from the date of earlier rating letter, a notice of withdrawal will be served on the Issuer. If there is no response within 15 days, a Notice of Withdrawal will be published in BWR website. After waiting for 3 months, if no objections are received, a rating will be assigned based on the available information and the same will be withdrawn simultaneously.
5. Ratings of open ended Mutual Fund Instruments can be withdrawn after receiving a request from the Asset Management Company. As units of such Schemes are held by many investors, such ratings shall be placed on notice of withdrawal for a period of 30 days in BWR's website, where after the ratings will be withdrawn, subject to there being no objections.

In all the above cases suitable press releases will be issued.

Annexure I Policy on Provisional Ratings

A provisional rating may be assigned when there is a need for completion of certain formalities and/or submission of final documents/proof of executed documents, in respect of crucial instruments such as, agreements, contracts, confirmations, guarantees, trust deed, details of structured payment mechanism, etc.

Post assigning a provisional rating, the analyst shall closely follow up with the issuer/client for submitting appropriate proof for completing the required documentation. On receipt of proof of completion of required documentation, the case shall be put up with suitable recommendation to the Rating Committee for approving/affirming the final rating. Generally, a provisional rating would be assigned the final rating within a period of 6 months.

When BWR assigns provisional ratings, its existing long-term and short-term rating symbols will be prefixed with the term 'Provisional' for assigning such ratings. For example, 'Provisional BWR AAA' or 'Provisional BWR A1+

Annexure II Policy for Appeal on the assigned Rating

In case a client / issuer disagrees with the rating assigned or reaffirmed or revised, it can appeal in writing to BWR to review such a rating. The client / issuer, while submitting the appeal shall also provide any additional or new relevant information complete in all respect and with adequate supporting documents.

Such a request should be received within 5 working days from the date of the communication of the rating to the issuer in case of initial rating and within 2 days in case of surveillance, monitoring or periodic review of ratings.

The Rating Team will analyse the impact of the information received on the rating and place the revised rating recommendation before the Appeal Committee. The Appeal Committee consist of, majority of members that are different from those in the Rating Committee that assigned the earlier rating and at least one-third of the members are independent.

Annexure III Guidelines on what constitutes Client Non-Cooperation

The following shall be considered as Non-cooperation by an issuer/a client

- i) The issuer/client's failure to provide timely and required information for rating surveillance and for periodical review of the assigned rating or to provide necessary clarification to complete the rating review.
- ii) In terms of the Rating contract, the issuer/client is suo moto required to keep BWR immediately informed of any information/development which impacts the status/financial performance/financial strength of the issuer/client which will have a bearing on the assigned Rating. Issuer/client's failure to act in such a manner would be considered as an act of Non-cooperation.
- iii) An issuer/client is required to pay fee agreed for providing specified rating services. Failure to pay such fee would be considered as an act of Non-cooperation.
- iv) Any other act of omission or commission which BWR may consider as an act of non-cooperation.

BWR may take a Rating action as deemed necessary by it, in case of non-cooperation by the issuer/client.

Annexure IV Policy for placing Ratings on Credit Watch

During the surveillance period of the assigned rating of any entity, there may be sudden events or developments involving changes in business, management, industry or financial profile of the entity. The impact of such developments for the entity's rating may be difficult to assess immediately and hence the rating requires to be put under 'Credit Watch'.

- (i) Such circumstances (illustrations only) could be (a) Change in Shareholding pattern of the issuing Company which can have an effect on the overall control of the Company, its Management and the way it operates (b) Demerger or Division Spinoff/Buyouts and Takeovers could impact the operations of the Company, its profitability, market share etc. (c) Change in Business Strategy of the issuing Company impacts its profitability and performance.
- (ii) The analyst concerned shall put up to the rating committee with the recommendation that the said entity may be placed under "Credit Watch" with positive/negative or developing implications. Intimation of placing the rating on credit watch shall be given to the issuer/concerned client and such information shall also be published in the public domain.

(iii) The ratings placed on "Credit Watch" shall be monitored for further confirmation of the effect of these developments from the client. Once a reasonable assessment is possible, the matter may be placed before rating committee (within a reasonable period of 6 months) for removing the ratings from "Credit Watch" for appropriate rating action.

Valid up to 15 Jan 2020