Policy on Issuer Non-Cooperation

January 2025

This policy supersedes the previous policy of BWR in this regard. This updated document incorporates the latest guidelines for the 'Issuer Not Cooperation' (INC) ratings prescribed by the Securities and Exchange Board of India (SEBI) vide its operational circular SEBI/HO/DDHS/DDHS-RACPOD2/P/CIR/2023/6 dated January 06th 2023 (updated as on February 03, 2023).

Ratings Surveillance/Review

BWR maintains ongoing surveillance of all its ratings for the life of the rated issue/facility to assess the credit risk associated with timely debt servicing by the rated entity and conducts a rating review at least on an annual basis for NCDs/bonds /other capital market instruments and Bank Loan Ratings, based on best available information relating to the entity. BWR requires the co-operation of the client for periodically providing all relevant information relating to business and financial performance, periodical audited/provisional financial statements, significant / material developments in the company, management and corporate governance practices, business plans etc. On receipt of required information for rating review from the issuer/borrower, Bankers/Debenture Trustees (DT)/Issuing and Paying Agent (IPA) feedback etc. a rating review is carried out and the rating is disclosed to the client and also published.

Rating Overdue/ Rating Not Reviewed

All ratings assigned by BWR are reviewed at least once every 12 months but can be reviewed anytime earlier if the circumstances so warrant. If the annual review of ratings is not possible on or before the due date, on account of non-receipt of essential information required for the review, the company name will be listed under "Rating Not Reviewed" category on BWR website immediately on the next working day after the due date.

Issuer Non-Cooperation

In case of non-cooperation by the issuer (such as not providing information required for rating, non-payment of fees for conducting surveillance, non-submission of regulator prescribed No default statement (NDS) etc), in line with existing regulations, BWR shall continue to review the rated security/loans, on an ongoing basis throughout the security's life time, on best effort basis and taking into account best available information, in accordance with the stipulated rating process and policies, and duly factoring the 'information adequacy risk'.

What Constitutes Issuer Non-Cooperation [Inc]

The issuer/borrower's failure to provide timely and necessary information and/or necessary clarifications for rating surveillance/periodical review of the outstanding rating.

In terms of the Rating Agreement, the issuer/borrower is required to keep BWR immediately informed of any information/development which impacts the status/financial performance/financial strength of the issuer/borrower which will have a bearing on the assigned Rating. Issuer/borrower's failure to act in such a manner would be considered as an act of Non-cooperation.

Non-submission of material information including (but not limited to) the following:

1. Non-submission of quarterly financial results or performance results or audited financial results within prescribed timelines
2. Current and past operational details including details about existing and future capex plans
3. Debt obligations and repayment details
4. Confirmation of all payments or non-payments / defaults relating to the rated instrument/loan immediately. When such information comes from Debenture Trustees/Lender/s/IPA/publicly available information and BWR asks for confirmation from the Issuer/borrower, they should respond immediately but not later than 2 working days.

An Issuer / borrower is required to pay the agreed fee for providing specified rating Failure to pay such a fee would be considered as an act of non-cooperation.

No Default Statement (NDS): An issuer/borrower is required to submit a "No Default Statement" [NDS] every month, to BWR at the beginning of the ensuing month for the previous Non-submission of NDS for three consecutive months by the issuer/borrower (or inability of the issuer to validate timely debt servicing through other sources) shall be a ground for migrating the ratings to INC. The Analytical team to place a note to the concerned Committee within 5 working days from the end of 3 months of continuous non-submission of NDS(or inability to validate timely debt servicing through other sources) recommending for moving the rating to INC. BWR, in its judgement and based on available information, may migrate a rating to the INC category even before the expiry of three consecutive months of non-receipt of NDS.

Any other act of omission or commission which BWR may consider as an act of no-cooperation.

In case of non-cooperation by the issuer/borrower, 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'.

Criteria / methodology in respect of assessing the risk of non-availability of information from the issuer including non-cooperative issuers

The ability of a rated entity to service the debt in a timely manner depends upon the stable cash flows from operations and its adequacy to meet the debt servicing obligations over the tenure of the rated instrument. BWR in its rating process assesses the relative credit risk associated with timely debt servicing by an entity by analysing the entity's exposure to various risks viz., Industry risk, Financial risks Business risk, Management Risk and Corporate Governance practices. For this purpose, BWR relies on best available information relating to the entity to arrive at an independent, fair and forward-looking assessment of the credit risk associated with the entity.

In terms of the rating agreement entered into with the rated entity, the latter is required to provide accurate, adequate and timely information for assigning and/or monitoring the credit risk throughout the lifetime of the borrowing limits/ debt obligations. Such information sharing is not a one-time exercise but is an ongoing and continuous process that is critical to rating surveillance. BWR constantly seeks cooperation from issuers and if an issuer/borrower fails to comply with the requirements, BWR categorises the issuer as non- cooperative. This categorisation implies that BWR lacks adequate information to rate the issuer and the press release will disclose this information adequacy risk. Persistent non cooperation by the rated entity will result in appropriate downward rating action, with

the severity determined by the extent of information available to BWR to assess the credit quality risk of the rated entity.

Rating action in event of partial or non-availability of information	
Scenario	Action by BWR
Partial or no information provided by the Issuer and BWR is unable to arrive at a reliable assessment of the creditworthiness of the rated entity	The rating may or may not be downgraded based on BWR's assessment of the credi quality of the rated entity, taking into account best available information lender/Debenture Trustee(DT) feedback NDS etc. The press release/rating rationale would capture the limitation for assigning the rating based on the information provided duly cautioning the users of the rating that the rating does not adequately capture the credit risk profile of the entity in view of the information inadequacy and associated risks.
No /Partial information provided and BWR believes that there is a deterioration in the credit quality of the rated entity since the last assessment	BWR will review the rating on the available information including feedback from lender/DT/IPA and the rating is downgraded. The extent of downgrade would depend upon BWR's assessment of deterioration in credit quality of the entity since the last assessment. The press release/rating rationale would capture the limitation for assigning the rating based on the information provided, duly cautioning the users of the rating that the rating does not adequately capture the credit risk profile of the entity in view of the information inadequacy and associated risks.
No/Partial information provided by the issuer/client, and it is learnt that the issuer/borrower has defaulted on its debt obligations (through Lender/ DT/IPA/ Investor/publicly available information).	Under such circumstances, the rating will be downgraded to Default category in line with the default recognition policy of BWR and extant regulatory guidelines.

NonCooperationwithotherCRAs

BWR shall follow the procedure detailed below:

Sl. No.	Scenario	CRA 1	CRA 2	BWR policy
1	INC≥12 Months	Yes	Yes	BWR shall not assign a new rating. If 12 months have passed, BWR cannot take up the rating assignment, until the rated entity resumes cooperation with either of the other CRAs or its ratings with INC status are withdrawn by all the previous CRAs.
2	INC≥12 Months	Yes	No - INC for <12 months	1. Rating can be assigned during the period of 12 months from the date the entity became non-cooperative with CRA 2. 2. If BWR takes up the rating assignment but is unable to conclude the assessment including publishing the rating rationale within 12 months of the initial INC rationale of CRA2, then BWR shall not publish that press release/rationale.

3	INC≥12 Months	Yes	No Cooperative with CRA 2	If the entity is cooperative with any CRA, then BWR can assign the rating.
4	INC<12 months	Yes	Yes	BWR can assign the rating and publish the press release during the period of 12 months from the later of the two dates on which the entity became non-cooperativ with the CRAs.

Exception: In case of securities (NCDs and other capital market instruments), BWR shall not carry out the rating assignment until the entity resumes cooperation with CRA1 or CRA2 or there is evidence that the rated entity has made a request to both CRA1 and CRA2 to withdraw its rating (duly acknowledged by CRA1 & CRA2). The latter would be subject to the rating for the entity's securities being eligible to be withdrawn by CRA1 & CRA2.

If BWR already has rating(s) outstanding for an entity, BWR would continue to conduct surveillance for the ongoing borrowing facilities/ debt instruments of the rated entity and/or assign ratings to its enhanced facilities/ borrowing programme, regardless of the rated entity's non-cooperation status with the other CRAs.

Action to be taken in case an investment grade rated issuer /borrower denoted as inc remains non-cooperative for more than 6 months

If an investment grade rated issuer/borrower has all the outstanding ratings as non-cooperative for more than 6 months, then the rating assigned to the instrument/facility of such issuer/borrower shall be downgraded to non-investment grade with continuation of the Issuer Not Cooperating [INC] status. However an INC rating in the investment grade may be migrated to the non investment grade INC category even prior to the six month period of persistent non cooperation, depending on BWR's assessment of the credit risk of the rated entity.

Minimum / indicative information requirement in respect of credit ratings for corporate /non-financial sector and financial sector

BWR has, on its website, disclosed the minimum/indicative information required for assigning credit ratings in respect of Corporate & Non Financial Sector and Financial Sector respectively under the head "Indicative Information required for Credit Ratings".

Link to Minimum information requirement policy
policyOnIndicativeInformationRequirementFinancialSector_Dec2024.pdf

Information to be disclosed through press release in case of inc issuers/borrowers

The rating action in INC cases shall be promptly disclosed through press release in accordance with the format prescribed by the regulators. In case an issuer/borrower, having not co-operated with another CRA in the past, approaches BWR for rating, BWR shall, in its Press Release, disclose the aspect of non-co-operation.

General

1. For capital and money market instruments (NCDs / CPs / FDs), the movement to INC post completion of the 12 month's rating validity period, may be done after the publication under "Rating Not Reviewed" category in the BWR website and after completion of 12 months from the

previous review date unless a further delay is explainable due to circumstances beyond the control of the issuer.

2. For bank loans, the movement to INC post completion of the 12 month's rating validity period, may be done after completion of the 15 months from the previous review date.
3. After moving a rating to 'INC (Issuer Not Cooperating) Category', if the issuer/borrower provides surveillance mandate and the required information for rating review, fresh review of the rating can be done. Further, even when a rating is continuing under 'INC Category', if public information is available on any material events, BWR shall take suo moto notice, and take appropriate rating action.

Version Control ▼

Quick Links

Home
About Us
Rating Services
Bank Loan Ratings
Rating Process
Rating Criteria
Rating Scale
Rating List
FAQs Archive
Media
Careers
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