

Brickwork Ratings Policy

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](#).

Annexure I Policy on Provisional Ratings

A provisional rating will be assigned for instruments where certain covenants are key determinants for assigning a rating and till all such covenants are fulfilled the rating cannot be finalized. General instances where a provisional rating may be assigned are instruments with

- I. Corporate guarantees
- II. Letter of comfort
- III. Partial credit enhancements
- IV. Partial credit guarantees
- V. Share backed transactions
- VI. Securitization transactions

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, creation of escrow mechanism or assignment of fixed deposits, etc.

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

Post assigning a provisional rating, the analyst shall closely follow up with the issuer/client for submission of appropriate proof for completing the required documentation. On receipt of proof of completion of required documentation, the documents shall be vetted by BWR legal officer for the enforceability of the covenants. On obtaining a satisfactory legal clearance/opinion the mandate shall be put up with suitable recommendation to the Rating Committee for approving/affirming the rating. On affirmation of the rating the prefix 'Provisional' shall be dropped.

Generally, a provisional rating would be affirmed as the final rating within a period of 6 months. If, however, the client has not submitted the required documentation by the end of 6 months, an update shall be made to the suitable Rating Committee about the delay, explaining the reason for delay and seek extension of the provisional rating for another 6 months. If the extension is approved, there would be no requirement to do a press release.

If the client does not submit required documentation till the end of 1 year, the analyst has to follow one of the following two actions:

- I. If the instrument has been issued, a "Rating Advisory" must be released on the website stating non-receipt of documentation and that a notice has been given to the issuer/client to provide the requisite documentation, failing which at the end of 15 months from the date of initial provisional rating, the rating should be moved to "Issuer Not- Cooperating", assigning a suitable rating based on latest available information. The rating can be reinstated subsequently on receipt of the required documentation
- II. If, however, the instrument is still proposed and not issued, then the analyst needs to take a letter from the issuer / client seeking continuation of the provisional rating for another year and suitably update the committee on continuation of the rating. The above process would be repeated.

Valid upto 23 July 2021