



### 1.0 What ICRA's Ratings Convey

ICRA's credit ratings are symbolic representations of its current opinion on the relative credit risks associated with the rated debt obligations/issues. These ratings are assigned on an Indian (that is, national or local) credit rating scale for Rupee (local currency) denominated debt obligations. ICRA ratings may be understood as relative rankings of credit risk within India. ICRA ratings are not designed to enable any rating comparison among instruments across countries; rather these address the relative credit risks within India.

Unless stated otherwise, ICRA's ratings (other than Structured Finance Ratings) in the investment grade convey the relative likelihood of default, that is, the possibility of the debt obligation not being met as promised. All other ratings, including Structured Finance Ratings, reflect both the probability of default and the severity of loss on default, that is, the expected loss against the rated debt obligation.

Credit ratings apart, ICRA also assigns Corporate Governance Ratings, besides Performance Ratings, Gradings and Rankings to mutual funds, construction companies and hospitals, which have different meanings. Users are advised to refer to ICRA's service brochures for details.

### 2.0 Limitations of ICRA Ratings

2.1 ICRA ratings are only an opinion on the relative ranking of credit risk. Even the debt obligations rated in the highest category carry a certain degree of credit risk, although such risk would be the lowest when compared with the credit risks associated with obligations rated in the lower rating categories.

2.2 ICRA rating categories group debt obligations with similar but not necessarily identical credit risks.

2.3 ICRA ratings convey only the relative credit risk; that is, they do not reflect the other investment risks arising out of changes in market conditions, viz. interest rates or liquidity.

2.4 ICRA ratings are not always constant and are subject to change. ICRA's credit ratings reflect the issuers' inherent credit quality, which in many cases may not remain constant at all times. While ICRA in its analysis endeavours to incorporate the factors that impact the issuers' prospective credit quality, there may be situations in which the actual developments would significantly differ from ICRA's expectations. Such changes in turn may warrant an upward or downward revision in the ratings previously assigned. Given this possibility, all ICRA ratings are subjected to regular monitoring or surveillance. Users of ICRA's ratings are advised to regularly refer to ICRA's rating releases, publications and/or website ([www.icraratings.com](http://www.icraratings.com), [www.icra.in](http://www.icra.in)) for rating updates.

2.5. For assigning ratings, ICRA relies on all relevant information (such as audited statements) made available to it by the issuer company, as well as on other sources of information (opinions of legal and other experts, for instance) that ICRA considers reliable. While ICRA takes reasonable care to ensure that all such information is reliable, it makes no representation or warranty, express or implied, as to the accuracy, authenticity, timeliness or completeness of any such information. Further, ICRA ratings are not to be construed as recommendation to buy, sell, or deal in the rated instruments.



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