



ICRA Rating Feature

Policy on Withdrawal and Suspension of Credit Ratings

Withdrawal of Credit Rating

This policy updates and supersedes ICRA's earlier policy on this subject, published in January 2020. This amended policy lays down certain additional grounds for withdrawal of ratings.

Grounds for Withdrawal of Credit Rating

1. In case of securities

A credit rating for securities (such as bonds, non-convertible debentures or NCDs etc.) can be withdrawn if there are no obligations outstanding against the rated securities. ICRA relies on confirmation received from the debenture trustees, auditors or other sources to determine if the rated obligations have been repaid fully.

A credit rating for securities can also be withdrawn subject to ICRA having rated the security continuously for five years or 50% of the tenure of the security, whichever is higher. In such cases, the request for withdrawal from the rated entity should be accompanied by an undertaking that a rating is available on that security from another credit rating agency.

However, when a security is rated by multiple credit rating agencies even without a regulatory requirement for multiple ratings, the rating can be withdrawn subject to ICRA having rated the security continuously for three years or 50% of the tenure of the security, whichever is higher. The request for withdrawal from the rated entity should be accompanied by an undertaking that a rating is available on that security from another credit rating agency. In addition, in such cases, ICRA should receive No-objection Certificate (NOC) for withdrawal of rating from 75% of the security holders of the debt outstanding.

2. In case of money market instruments

A credit rating for money market instruments (such as commercial papers, certificates of deposit etc.) can be withdrawn if there are no obligations outstanding against the rated instruments. ICRA relies on confirmation received from the issuing and paying agents or trustees (as the case may be), or auditors or other sources to determine if the rated obligations have been repaid fully.

3. In case of bank loans/facilities

A credit rating for bank loans/ facilities¹ can be withdrawn at the request of the rated entity on receipt of No-Objection Certificate (NOC) from the lending bank(s), even if there might be obligations outstanding against the rated loans/ facilities. The NOC is required from all the banks in case the rated bank loans/ facilities have been availed by the rated entity from multiple banks. Even in case of consortium lending, the NOC is required from all the banks, unless the bank leading the consortium confirms that it is authorized to provide an NOC on behalf of all the consortium banks.

4. In case of fixed-maturity mutual fund schemes

A credit rating for fixed-maturity mutual fund schemes can be withdrawn only upon maturity of the rated schemes and redemption of the units. ICRA relies on redemption-related details available on the website of

¹Bank loans or facilities include both fund-based and non-fund based facilities as well as term loans

the Asset Management Company (AMC) concerned or other third-party sources to determine if the units of the scheme have been fully redeemed.

5. In case of perpetual mutual fund schemes

A credit rating for perpetual mutual fund schemes, which have no specified maturity, can be withdrawn upon receipt of the request for withdrawal from the AMC. Such credit rating will be placed on a 'Notice of Withdrawal' for at least one month, before being withdrawn at the end of the withdrawal notice period.

6. In case of public deposits

A credit rating for public-deposit programme can be withdrawn at the request of the rated entity under the following conditions:

- » If the deposits are fully redeemed; or
- » If the rated entity has set aside in an escrow account, an amount that ICRA considers adequate for the payment of principal and interest to the depositors; or
- » If the rated entity has stopped using the ICRA-assigned credit rating to mobilize further deposits and has informed depositors about the same and has given them an explicit option to prematurely withdraw the deposits. In such cases, the credit rating is placed on 'Notice of Withdrawal' for at least six months, before being withdrawn at the end of the withdrawal notice period.

7. In case of Issuer Rating

An Issuer Rating, which is not applicable to any specific debt obligation, can be withdrawn at the request of the rated entity. In such cases, the credit rating is placed on 'Notice of Withdrawal' for at least one month, before being withdrawn at the end of the withdrawal notice period.

8. In case of Provisional Rating

A provisional rating can be withdrawn if the structure adopted for the transaction deviates materially from that considered by ICRA while assigning the provisional rating. A provisional rating can also be withdrawn if the rated entity has not issued the rated instrument and also does not intend to do so. For more details on the above, refer to ICRA's policy on assigning provisional ratings available on www.icra.in

9. In case of other ratings

Other ratings such as Expected Loss ratings for operational infrastructure assets and other such ratings that use non-standard rating symbols, may be withdrawn at the request of the rated entity. In such cases, the rating is placed on 'Notice of Withdrawal' for at least one month, before being withdrawn at the end of the withdrawal notice period.

10. Other indicative cases for rating/ grading withdrawal

- » A credit rating may be withdrawn in case the rated entity is wound up or merged/ amalgamated with another entity.
- » In case the rated security is not placed by the entity or the entity does not borrow against a rated bank loan/ facility, ICRA may withdraw the credit rating on receipt of withdrawal request from the entity.
- » A credit rating for securities or bank loans/ facilities may be withdrawn, even without an explicit request by the rated entity, if ICRA has evidence that the rated amount has been fully repaid or the amount has been written-off and the corresponding instrument extinguished/ closed
- » A credit rating/ grading may also be withdrawn if ICRA decides to retract from the related product segment of its own volition or is required to do so to comply with the regulatory requirements. In such cases, if ICRA deems necessary, the credit rating/ grading may be placed on 'Notice of Withdrawal' for an appropriate period, before being withdrawn at the end of the withdrawal notice period.

Note

- » If a credit rating is placed on a 'Notice of Withdrawal', ICRA may revise the credit rating in the notice of withdrawal period, if the circumstances so merit.
- » While withdrawing a credit rating, ICRA reviews the same and may even revise it, if the circumstances so warrant. At the time of withdrawal of a credit rating, if incremental information is not available to carry out a review, ICRA's rating rationale would disclose this aspect. Also, if a credit rating is withdrawn upon the

winding-up of the rated entity, or upon its merger or amalgamation with another entity, a review of the credit rating is not carried out as the same would not be meaningful for an entity that ceases to exist. Further, in the case of withdrawal of securitization transaction ratings where the reason for withdrawal is full maturity of the pass-through-certificates (PTCs), a review of the credit rating is not required because, upon maturity, the trust that issues the PTCs also folds and is not expected to issue fresh PTCs.

- » The rating rationale published by ICRA mentions the reason(s) for withdrawal of the credit rating.

Suspension of Credit Rating

The Reserve Bank of India (RBI), through its communication (dated September 5, 2014, Reference No. 3528/21.06.007/2014-15), has asked accredited External Credit Assessment Institutions to disclose their rating suspension policy for bank-loan ratings on their websites.

In accordance with the aforesaid RBI's communication and circular issued by SEBI, dated November 1, 2016, and March 31, 2017, specifying enhanced standards for credit-rating agencies, a credit rating once accepted is subject to periodic monitoring and review until the credit rating is withdrawn. Ratings once accepted cannot be suspended. ICRA will continue to monitor and review the rated issuer/ borrower/ instrument/ borrowing, on an ongoing basis throughout the lifetime of the issuer/ borrower/ instrument/ borrowing on the basis of best available information. If the rated entity fails to cooperate, the press release, for the benefit of the user of credit rating in such cases will be denoted by the symbol: "ISSUER NOT COOPERATING*". For more details on the above, refer to ICRA's policy in respect of non-cooperation by the rated entity available on www.icra.in

*Issuer did not cooperate; Based on best available information



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