

Policy for withdrawal of ratings

Debt instruments rated by CRISIL Ratings are under continuous surveillance over the life of the instrument. The policy for withdrawal of ratings stipulates that ratings on securities/facilities that have scheduled repayment dates (such as bonds, or term loans), may be withdrawn normally on redemption/maturity of the rated facilities or if the obligations on these instruments are pre-paid by the borrower before maturity. In such instances, CRISIL Ratings relies on independent confirmation from the debenture trustees, banks, auditors or any other independent sources on whether the obligations have been repaid in full.

Ratings on securities (such as bonds, debentures and other similar instruments) can also be withdrawn subject to CRISIL Ratings having:

- Rated the instrument continuously for five years or fifty percent of the contracted tenure of the instrument, whichever is higher.
- Received, an undertaking from the issuer that a rating is available on that instrument, along with the request for withdrawal by the issuer

Alternatively, in case of rated security/ies having multiple ratings i.e. ratings from other credit rating agencies (other CRAs), where there is no regulatory requirement for multiple ratings, the rating on such security/ies can also be withdrawn subject to CRISIL Ratings having:

- Rated the instrument continuously for three years or fifty percent of the contracted tenure of the instrument, whichever is higher;
- Received a No Objection Certificate (NOC) from 75% of bondholders of the outstanding debt by value;
- Received an undertaking from the issuer that another rating is available on that instrument, along with the request for withdrawal by the issuer

Ratings on perpetual debt securities that are listed or proposed to be listed on a recognized stock exchange can also be withdrawn¹ subject to CRISIL Ratings having:

- Rated such security/ies continuously for 5 years; and
- Received an undertaking from the Issuer that a rating is available on such security/ies; and
- Received, an undertaking from the other CRA(s) that a rating is available on such security/ies.

Ratings on bank loan facilities can also be withdrawn by CRISIL Ratings after receiving request for withdrawal from the client/borrower along with No Objection Certificate (NOC) from all the lending bank(s). The designated bank authority for signing the NOC should preferably be Chief Manager or above. The designation and contact details should be clearly captured and visible in the NOC furnished. The NOC will be required from all the banks in case the rated bank loan facilities have been availed by the borrower from multiple/ consortium banks.

Ratings on open ended debt mutual fund can be withdrawn by CRISIL Ratings after receiving request for withdrawal from the Asset Management Company (AMC), however such ratings will be placed on notice of withdrawal for 30 days. The period of notice of withdrawal will begin from the date of publishing the rating rationale of Notice of Withdrawal.

Ratings for capital protection-oriented schemes / funds can be withdrawn when such schemes / funds have returned to the investors cash flow, net of recurring expenses, equivalent to the entire capital initially mobilized. Appropriate independent confirmation for the same shall be required along with request for withdrawal.

¹ With effect from October 01, 2022

At the time of withdrawal, CRISIL Ratings will review the outstanding rating based on the information provided by the borrower or best available information as the case may be and shall also publish its ratings and the reason for withdrawal in the Rating Rationale, except where the obligations are not outstanding, or the company whose security is rated is wound up or merged or amalgamated with another company.

Corporate credit rating, which is the credit rating of the issuer rather than an instrument, can be withdrawn upon written intimation.

For fixed deposit (FD) instruments, withdrawal of rating may take place in any of the following four ways:

- Redemption of instrument as per original terms.
- Prepayment of all outstanding FD obligations directly to the investors or adequate funding of an escrow account with independent certification of the same.
- The issuer gives request for withdrawal and confirms non-usage of rating for raising fresh FDs. The rating is placed on notice of withdrawal for a period of 3 years (or 1 year for short term FDs), after which the rating is withdrawn.
- Rated entity is in default category (rating of 'CRISIL D') for more than three years, the rating is placed on notice of withdrawal for a period of 90 days, after which the rating is withdrawn.

In case the instrument/facility is not placed by the issuer, the ratings can be withdrawn on receipt of request for withdrawal from the issuer.

Ratings on an instrument/facility can also be withdrawn where the company whose instrument/facility is rated is wound up or merged or amalgamated with another company. In such case, the issuer shall provide a copy of the order of the Court/statutory authority or confirmation from any other independent source.

Policy for withdrawal of Expected Loss (EL) ratings shall be consistent with the withdrawal policy for the respective rated instruments viz. securities, bank loan facilities etc.

The withdrawal of ratings mentioned under the above-mentioned scenarios shall be subject to payment of surveillance fees due (if any) to CRISIL Ratings, in accordance with the rating agreement.

For ratings carrying a Provisional prefix - irrespective of the nature of rated instrument – if there are material changes in the terms of the transaction, the following withdrawal policy shall apply:

- (i) CRISIL Ratings may withdraw the rating, if the issuance is yet to happen.
- (ii) Post issuance of the instrument, CRISIL Ratings may withdraw the rating and concurrently assign a fresh final rating reflecting the revised terms of the transaction, in the same rating rationale / press release.

In case any new regulatory guideline applicable to Credit Rating Agencies triggers a migration of ratings to a new rating scale or a change in rating, symbol, or suffix, CRISIL Ratings may withdraw such ratings² solely based on request by the issuer, as a one-time measure, before the migration or change of rating becomes effective in line with regulatory timelines. Such withdrawal shall be subject to specific regulatory guidance (if any) on any additional conditions to be met.

Last updated – September 27, 2022

²The option to withdraw ratings is presently being provided for ratings where a change may be triggered by recent regulatory guidance on Bank Loan - Credit Enhancement (CE) ratings, which needs to be implemented by January 25, 2023.