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PRESS RELEASE

CARE Ratings' Clarification on Grant Thornton Report

The Report by Grant Thornton on IL&FS Group relating to the linking of ratings assigned by CARE Ratings to various entities in the IL&FS Group with the communication within IL&FS Group entities should be read with caution as it misses some rudimentary elements of the process of credit rating.

As a matter of courtesy, CARE Ratings provides the client a reasonable opportunity to seek a review on the rating action taken by it at the time of review/surveillance, after providing material facts which have not been considered in the rating. If fresh material information is furnished by the company, such representation is placed before the Rating Committee, which considers the same on merits. If required, clarifications are also sought over personal meetings with clients. However, once such reasonable opportunity is provided by CARE Ratings, the decision in respect of the rating is final and is binding upon the client, and is made public by CARE Ratings. Such a formal process of representation is a part of CARE's rating process and is also an accepted market practice. CARE Ratings is fully compliant with all the extant SEBI guidelines in this regard.

Further, prior to publishing the rating rationales, CARE Ratings, as a standard practice, sends the same to the client for their comments, if any. This is done as a matter of courtesy to clients and with a view to ensuring that no factual inaccuracies have inadvertently crept in. If the client reverts with any changes/comments within a certain timeframe, it is CARE Ratings' prerogative whether to incorporate the same in the rationale or not.

The Grant Thornton Report should have understood the details of the rating mechanism before putting out such a Report which presents CARE Ratings in unfavourable light. Grant Thornton had never approached CARE Ratings for any clarification in this regard.

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