

Policy on Withdrawal of Ratings

[Issued in September 2022]



Background

The ratings assigned by CARE Ratings Ltd. (CARE Ratings) are not a one-time exercise and they are kept under surveillance till the time the obligations under such facilities/instruments are fully extinguished or the ratings are withdrawn, in the situations explained in detail in this document.

CARE Ratings withdraws a credit rating under the following situations:

- **Full redemption:** On full redemption of the rated instrument/facility i.e. on confirmation by the rated entity and lender/trustee that the full maturity value of the instrument/facility has been paid off and there is no amount outstanding on the rated instrument/facility.
- **Proposed debt rated but not placed:** On receipt of confirmation from the rated entity to CARE Ratings that the rating awarded has not been used for mobilising funds and as such no amount is outstanding against the rated instrument/facility.
- **Merger/Amalgamation/Liquidation:** On merger/amalgamation/liquidation of the rated entity, wherein it may no longer be useful or necessary for CARE Ratings to maintain a rating on the rated entity's obligations.
- **Withdrawal in case of provisional ratings:**
Please refer to Policy for assigning Provisional Ratings on our [website](#).
- **Withdrawal in case of ratings based on credit enhancement:**
For ratings based on credit enhancement, if during the tenure of the instrument, the credit enhancement ceases to exist or there is a change in terms (in concurrence with the lender), CARE Ratings would review the ratings for withdrawal of the same and simultaneously assign a new rating based on the changed terms. However, the practice of withdrawal and simultaneous reassignment of rating would not be followed if the credit enhancement fails to work as anticipated. In such cases, CARE Ratings would take an appropriate rating action.

For example, if CARE Ratings has relied on a corporate guarantee and assigned a CE rating to an issue and the corporate guarantee ceases to exist, the rating would be reviewed for withdrawal and a new standalone rating would be assigned simultaneously. On the other hand, if CARE Ratings has relied on a corporate guarantee and assigned a CE rating to an issue and there is a missed payment without the guarantee being invoked, the rating would be revised downwards in accordance with CARE Ratings' 'Policy on Default Recognition'.

Apart from the above, CARE Ratings would withdraw ratings of specific instruments/facilities as mentioned below:

- **Capital market instrument (i.e. bonds, NCDs, or other capital market instruments):**
 - a) Rating on capital market instruments (i.e. bonds, NCDs, or other capital market instruments), whether listed or unlisted, may be withdrawn subject to the following conditions:

- CARE Ratings has rated the instrument continuously for 5 years OR 50% of the tenure of the instrument, whichever is longer; **AND**
 - CARE Ratings has received an undertaking from the Issuer that a rating is available on that instrument from another CRA accredited by SEBI
- b) Ratings on capital market instruments (i.e., bonds, NCDs, or other capital market instruments), whether listed or unlisted, where the issuer is classified as 'Issuer Not Cooperating (INC)' and where there are multiple ratings (i.e. Ratings from CARE Ratings and other CRA/CRA's) without any regulatory mandate for multiple ratings may be withdrawn subject to the following conditions:
- CARE Ratings has rated the instrument continuously for 3 years OR 50% of the tenure of the instrument, whichever is longer; **AND**
 - CARE Ratings has received an undertaking from the Issuer that a rating is available on that instrument from another CRA accredited by SEBI; **AND**
 - CARE Ratings has received No-objection Certificate (NOC) from 75% of bondholders by the value of the outstanding debt for withdrawal of rating;
- **Bank facilities:** Ratings of all types of bank loans/facilities can be withdrawn at the request of the issuer, subject to receipt of No Objection Certificates (NOCs) from all the lending banks. NOCs from the banks should be on Bank's official letterhead, duly signed and stamped and specifically mentioning that the NOCs are being issued for such withdrawal of rating of the facility being availed from the bank.
- Pursuant to the guidance note issued by RBI on April 22, 2022 and FAQs dated July 26, 2022, bank facility Credit Enhanced (CE) ratings can be withdrawn if the issuer seeks an option to withdraw the rating in consideration of the proposed change in rating in adherence to the guidance note, based on request for withdrawal from the issuer. In such cases, CARE Ratings shall issue a press release communicating the reason for withdrawal and the standalone rating of issuer (without factoring explicit support) as per CARE Ratings' assessment.
- **Perpetual debt securities that are listed or proposed to be listed on a recognized stock exchange:** Ratings of perpetual debt securities like AT1 bonds, that are listed or proposed to be listed on a recognized stock exchange, can be withdrawn subject to the following conditions:
 - CARE Ratings has rated such security/ies continuously for 5 years; AND
 - CARE Ratings has received an undertaking from the Issuer that a rating is available on such security/ies; AND
 - CARE Ratings has received an undertaking from the other CRA(s) that a rating is available on such security/ies.
 - **Open-ended Mutual Fund schemes:** Ratings of Open-ended Mutual Fund schemes being perpetual in nature and having no specified maturity can be withdrawn upon receipt of the request for withdrawal from the Asset Management Company (AMC). The ratings would be placed on 'Notice of Withdrawal' for 30 days before withdrawing the same.
 - **Issuer Ratings:** Issuer Ratings can be withdrawn upon receipt of the request for withdrawal from the issuer. The ratings would be placed on 'Notice of Withdrawal' for three months before withdrawing the same.
 - **Security Receipts:** Ratings of security receipts can be withdrawn at the request of the issuer, subject to receipt of NOCs from all the investors and undertaking from the trustee that a rating is available on that

SR from another CRA. NOCs from the investors should be duly signed and stamped and specifically mentioning that the NOCs are being issued for such withdrawal of rating of the security receipts.

- **Fixed Deposits:** Withdrawal of rating in case of Fixed Deposits raised by corporates:

Sr. No.	Scenario	Procedure for Withdrawal
a)	If no funds have been mobilised by the corporate using CARE Ratings' FD rating and as such no amount is outstanding against the rated FD	CARE Ratings withdraws the rating after receiving the confirmation from the company to this effect
b)	If the funds mobilized by the corporate using CARE Ratings' FD rating have been repaid by the company	CARE Ratings withdraws the rating after receiving the withdrawal request from the company AND certificate from the auditor that all investors have been paid off (in case of unsecured FD)/ a certificate from the trustee that all investors have been paid off (in case of secured FD)
c)	If the funds have been mobilized by the corporate using CARE Ratings' FD rating but have not been repaid by the corporate	<p>CARE Ratings withdraws the rating after receiving the withdrawal request from the company, Auditor certificate certifying the list of investors and the amount due to them AND NOC* from all the investors (in case of unsecured FD) /trustee (in case of secured FD).</p> <p>In case the company has set aside an amount for repayment (equivalent to principal and interest) in an escrow account and informed the depositors accordingly to accept withdrawal of deposits, CARE Ratings shall, at the request of the company and also on furnishing of auditors' certificate about adequacy of deposit amount in escrow account, withdraw the rating.</p> <p>CARE Ratings withdraws the rating if it is in D category continuously for three years.</p>

*Note: The NOC should specifically mention that the investor has no objection to the withdrawal of the rating

While withdrawing any credit rating, CARE Ratings shall also review the rating and reaffirm or suitably revise the rating based on available information before withdrawing the outstanding rating, except where there are no outstanding obligations under the security/facility rated, or the company whose security is rated is wound up or merged or amalgamated with another company.

The withdrawal of ratings under different situations mentioned above is subject to clearance of fees payable by the client to CARE Ratings.

[For the previous version please refer to the Withdrawal Policy issued in [June 2022](#)]

CARE Ratings Limited

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About:

CareEdge (earlier known as CARE Group) is a knowledge-based analytical group that aims to provide superior insights based on technology, data analytics capability and detailed research methods. CareEdge Ratings is one of the leading credit rating agencies in India. It has an impressive track record of rating companies for almost three decades and has played a pivotal role in developing the corporate debt market in India. CareEdge provides near real time research on all domestic and global economic developments. The wholly owned subsidiaries include CareEdge Advisory & Research arm focused on providing advisory and consultancy services and CareEdge Risk solutions a platform that provides risk management solutions

Disclaimer:

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Ltd. or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.