

Bulletin #: 14

Rating Solicitation and Participation Disclosure Policy

Effective Date: 12 September 2012

Version: 1

Author: Business & Relationship Management, Legal and Credit Policy Groups

India Ratings & Research (P) Ltd. (India Ratings) believes that investors benefit from increased rating coverage by India Ratings, whether such ratings are solicited by, or on behalf of, issuers; solicited by, or on behalf of, issuers but subsequently maintained by India Ratings; solicited by investors; or unsolicited, and therefore freely provided, by India Ratings. The criteria and committee procedures are no different for ratings that are unsolicited and freely provided by India Ratings and for issuer or investor solicited ratings. Therefore, the ratings assigned to issuers or transactions with similar credit characteristics are comparable – solicitation status has no effect on the level of the ratings assigned.

In some cases, ratings may include situations where the issuer chooses not to participate in the rating process. For any rating that India Ratings assigns or maintains, irrespective of the participation status, India Ratings believes that it has sufficient information to rate the issuer or transaction.

Disclosure of Solicitation Status of Ratings

India Ratings shall disclose the unsolicited status of a rating by appending the word ‘UNSOLICITED’ to all ratings so assigned.

Unsolicited ratings should not be interpreted as implying non-participation by the issuer, as participation in the rating process by issuers with India Ratings unsolicited ratings is common. Ratings that are maintained by India Ratings on a non-participative basis shall carry an additional disclosure, as detailed below, to document their non-participation status.

India Ratings defines solicitation status in terms of whether the agency receives compensation for the provision of a rating. Compensation status may change over time for a variety of reasons. In the event that an issuer chooses to stop compensating India Ratings for its ratings, India Ratings may opt to continue rating the issuer, with or without participation, as a service to investors, but the solicitation status of

the issuer’s ratings will change from “solicited” to “unsolicited”. India Ratings shall note all cases of non-participation in the rating process, as detailed below.

Irrespective of the level of direct participation, where India Ratings has initiated unsolicited rating coverage on an issuer without a request by, or on behalf of, that issuer, India Ratings will not engage in fee negotiations with the issuer or its agents for a period of 12 months after the initiated rating is first published.

Disclosure of Non-Participative Ratings

India Ratings shall disclose the status of non-participating issuers in all Rating Action Commentaries and issuer specific research as follows:

“The issuer did not participate in the rating process, or provide additional information, beyond the issuer’s available public disclosure.”

India Ratings’ Ratings Desks shall also provide this information on individual issuers or transactions on request.

Definition of Participation — Corporate Finance and Public Finance

Participation is defined by India Ratings to involve either of the following in the current analytical cycle and in any case within the 12 months preceding the date of the most recent rating action or research update:

- Provision of internal forecasts, risk management data or other non-public disclosure considered as part of the rating process.
- Substantive discussion of the primary topics driving the ratings of the issuer or rated entity with the management of the issuer or rated entity.

Definition of Participation — Structured Finance

Participation is defined by India Ratings to involve discussion with the originators, issuers, placement agents or other parties to the structured finance debt issuance regarding the underlying collateral or the origination processes used to originate or monitor that collateral.