

Bulletin #: 27

Restrictions on Advising Issuers and Others

Effective Date: 12 September 2012

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Responsibility: Legal Department

Introduction

India Ratings is dedicated to maintaining objectivity, independence, integrity and transparency in the rating process. In furtherance of these goals, it is India Ratings' policy that its employees, while providing transparency by answering questions and communicating information about the analytical process, shall not provide advice on how to achieve a desired credit rating, as described below, to issuers and others involved in the process of issuing securities rated by India Ratings.

Statement of Policy

India Ratings shall not issue or maintain a credit rating with respect to an obligor or security where India Ratings, or any of its subsidiaries, provided advice on how to achieve a desired credit rating to the obligor or the issuer or the underwriter or sponsor of the security, such advice to include suggestions about: (a) the corporate or legal structure of the obligor or issuer of the security; (b) the assets or liabilities of the obligor or issuer of the security or (c) the activities of the obligor or issuer of the security. In addition, with respect to structured finance products, India Ratings shall not issue or maintain a credit rating with respect to a security where India Ratings, either formally or informally, made proposals or gave advice regarding the design of the structured finance product.

Policy Application and Definitions

1. This policy applies to all analytical groups, all obligors and securities.
2. If India Ratings, any rating affiliate or subsidiary, any non-rating affiliate or subsidiary, or any employee, officer or director of India Ratings provides advice as described above, then India Ratings shall not issue or maintain a credit rating with respect to the obligor or security.
3. It is not possible to provide an exhaustive description or definition of advice. Advice might be given in response to such questions as: "How can a company improve its credit rating or how can a company prevent a downgrade to its credit rating?" In rating structured finance securities, advice might be given in response to: "What can the arranger do to change the results for credit enhancement levels?" or in a case where an analyst is asked to comment on a transaction that has no well-defined structure.
 - a. A response to such a question is advice if it is: a directive; a suggestion; a recommendation or a proposal.
 - b. A response to any of the above questions is not advice if it: explains the bases, assumptions and rationales behind rating decisions; provides information about the output of expected loss and cash flow models with respect to structured finance securities; directs inquiring parties to criteria reports and special reports for more information about rating methodologies; explains how different characteristics may have driven results or explains rating criteria.
 - c. Furthermore, the following is not advice: a response to a request for a rating confirmation upon changes to the terms of a security; an explanation or list of key drivers of ratings or credit enhancement; a description or explanation of characteristics of rating peer groups; an explanation

of possible triggers for upgrades or downgrades of ratings and securities or credit assessments or other credit opinions provided by India Ratings.

Implementation of Policy

Each India Ratings employee is responsible for complying with India Ratings' restrictions on advising issuers and others. Since, in the rating process, the line between providing feedback and providing advice about how to obtain a desired credit rating may be hard to draw, each employee is expected to ask questions and mentor peers. Any employee who has questions or concerns about whether an employee is providing feedback or providing advice shall seek guidance from the group head (GH) responsible for the area or the person designated by the GH to answer such questions. Each India Ratings employee shall attend training in communicating feedback within the first year of beginning employment and again at least every two years. Adherence to this policy will be audited through random or selected e-mail review by India Ratings' internal compliance team.

Violation of Policy

Any employee who violates India Ratings' policy regarding advising issuers and others may be subject to disciplinary action, up to and including termination of employment. Upon allegation or discovery of any perceived violation, India Ratings will promptly submit the security or obligor in question to the relevant rating group's designated person for consideration. The Chief Credit Officer, or such officer's designee, together with a committee consisting of senior analysts from the relevant rating group and at least two other rating groups, will analyze the obligor or security and publicly confirm or otherwise take action on the rating. The public commentary for such rating action shall include a statement that action on the obligor or security was prompted by alleged or perceived violations of this policy.