

ICRA LANKA POLICY ON WITHDRAWAL AND SUSPENSION OF CREDIT RATINGS

Withdrawal of Credit Rating

ICRA Lanka's policy on withdrawal of Credit Ratings is outlined below. This policy updates and supersedes ICRA Lanka's earlier policy on this subject, published on April 01, 2017.

Grounds for Withdrawal of Credit Rating

1. In case of Issuer Rating

An Issuer Credit Rating, which is not applicable to any specific debt obligation, can be withdrawn at the request of the Rated Entity. In such cases, ICRA Lanka will carry out a review of the Rating outstanding on the basis of the best available information and such Credit Rating will be placed on a 'Notice of Withdrawal' for at least one month, before being withdrawn at the end of the withdrawal notice period.

2. In case of debt securities

A Credit Rating for debt securities can be withdrawn if there are no obligations outstanding against the rated security(ies). ICRA Lanka relies on confirmation received from the debenture trustees, issuer, auditors or other sources to determine if the rated obligations have been fully repaid. The withdrawal will be carried out with a public notice.

As per listing rule No 7.12.a of the Colombo Stock Exchange, a credit rating must be maintained at all times for all listed debt instruments. ICRA Lanka will adhere to the same for all debt securities, both listed and unlisted, where there are outstanding obligations. However, such ratings may be withdrawn if an entity wishes to change the rating agency. Any change of rating agency would need to be as per listing rule No 2.2.1.c of the Colombo Stock Exchange. In terms of that rule, ICRA Lanka will carry out a review of the Rating outstanding on the basis of the best available information at the point of exit. Such Credit Rating will be placed on a 'Notice of Withdrawal' for at least one month, before being withdrawn at the end of the withdrawal notice period.

3. In case of bank loans/ facilities

A Credit Rating for bank loans/ facilities can be withdrawn at the request of the Rated Entity on receipt of No Objection Certificate (NOC) from the lending bank(s), even if there might be obligations outstanding against the rated loans/ facilities.

4. In case of fixed-maturity mutual fund schemes

A Credit Rating for fixed-maturity mutual fund schemes can be withdrawn only upon maturity of the rated schemes and redemption of the units. ICRA Lanka relies on the confirmation of Asset Management Company (AMC) and/or trustee to the scheme that units of the scheme have been fully redeemed.

5. In case of perpetual mutual fund schemes

A Credit Rating for perpetual mutual fund schemes, which have no specified maturity, can be withdrawn upon receipt of the request for withdrawal from the AMC. In such cases, ICRA Lanka will carry out a review of the Rating outstanding on the basis of the best available information and such Credit Rating will be placed on a 'Notice of Withdrawal' for at least one month, before being withdrawn at the end of the withdrawal notice period.

6. In case of public deposits

A Credit Rating for public-deposit programme can be withdrawn at the request of the Rated Entity under the following conditions:

- If the deposits are fully redeemed; or
- If the rated entity has set aside in an escrow account, an amount that ICRA Lanka considers adequate for the payment of principal and interest to the depositors; or
- If the Rated Entity has stopped using the ICRA Lanka assigned Credit Rating to mobilise further deposits and has informed depositors about the same and has given them an explicit option to prematurely withdraw the deposits. In such cases, the Credit Rating is placed on 'Notice of Withdrawal' for at least six months, before being withdrawn at the end of the withdrawal notice period.

7. In case of 'Provisional' Ratings

In the case of provisional ratings, ICRA Lanka may withdraw the Credit Rating in case of any of the following situations:

- If in ICRA Lanka's opinion, the structure actually adopted for the transaction, deviates significantly from that taken into account while assigning the ratings
- If ICRA Lanka has not received, within a reasonable time period, a written confirmation from the Issuer or the Trustee of the rated instrument, as the case may be, that the terms and conditions of the structure have been complied with.

8. Other indicative cases for Credit Rating withdrawal

A Credit Rating can be withdrawn in case the rated entity is wound up or merged/ amalgamated with another entity. In case of the latter, the Credit Rating is typically withdrawn if ICRA is unable to assess the credit quality of the merged/ amalgamated entity.

Note

A Credit Rating for debt securities or bank loans/ facilities may also be withdrawn, even without an explicit request by the Rated Entity, if ICRA Lanka has evidence that the rated amount has been fully repaid.

Before withdrawing a Credit Rating, ICRA Lanka reviews the same and may even revise it, if the circumstances so warrant.

Suspension of Credit Rating

ICRA Lanka is committed to monitor and update all its assigned ratings till the ratings are outstanding. However, ICRA Lanka may suspend the ratings under the following conditions:

1. If the information available is insufficient to monitor the rating
2. Such information is unlikely to be available to ICRA Lanka in the near future

Suspended ratings would become non-meaningful as ratings would no longer reflect the current credit opinion of ICRA Lanka. ICRA Lanka reserves the right to revise the ratings prior to suspension based on available information.

DEFINED TERMS:

Credit Rating

A Credit Rating is an opinion on the relative credit risk of the issuer/ borrower/ instrument / borrowing limit expressed in the form of standard symbols or in any other standardised manner, assigned by ICRA Lanka and used by the issuer of instrument/ debt obligation, to comply with the requirements specified under regulations.

Rated Entity (ies)

A Rated Entity means any entity rated by ICRA Lanka or any entity that issues instrument/ raises debt obligations rated by ICRA Lanka or any entity that is seeking a Credit Rating from ICRA Lanka.

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