

## POLICY FOR REVIEW OF RATINGS

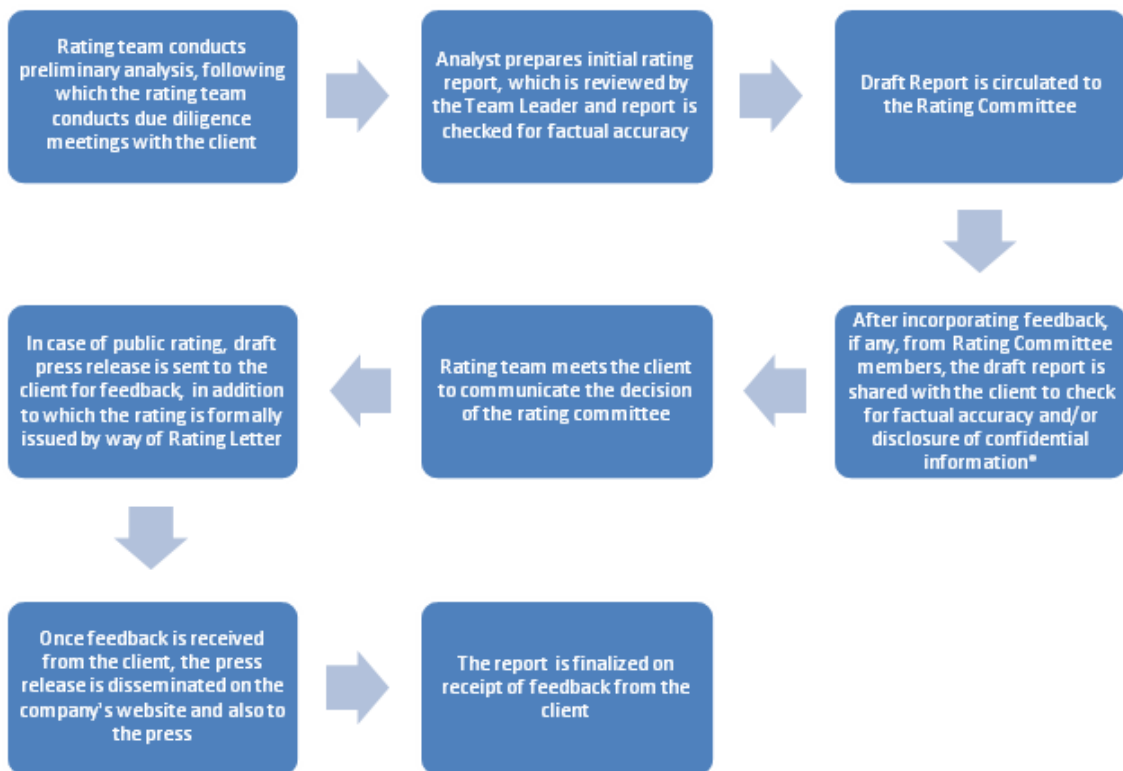
Every rating that is under surveillance by VIS is subject to a semi-annual and an annual review, unless warranted sooner by developments that may affect an outstanding rating. Public dissemination of semi-annual reviews are made only in case of any change in the underlying ratings whereas any change or even a re-affirmation of ratings through annual review process is publicly announced, given that it was initially a public rating.

On an ongoing basis, ratings remain under continuous surveillance, once issued. This involves review of quarterly, semi-annual and annual financial results, as and when they are announced, in addition to any other development that may affect the issue/issuer specifically, or the sector at large. Such reviews may however not entail a public update, unless there is any change in the outstanding rating.

Rating assignments are distributed among analysts for continuous monitoring and review, and also to keep a watch on the developments in the business and operational environment relating to their specific clients. Analysts regularly browse through newspapers, regulatory and industry websites, web based economic and business research reports and other secondary information. In case the analyst identifies a significant event from the sources available, the impact of the same is assessed on the risk profile of the client and discussed with the senior analyst. Additional information may also be obtained from the client and then in consultation with the senior analyst or other senior personnel it is determined if a review is warranted. A brief report is prepared on the impact of those significant event(s) on the business and operational risk of the client and discussed at the rating committee level.

## Annual Review Process

Below is a standard depiction of rating process that the rating team is required to observe once information is received from a client in relation to annual surveillance exercise:



*\*while it is encouraged to share the draft rating report with the client prior to communication of rating, exceptions to this rule are allowed. The rating team is however required to send the draft rating report latest by the date of the issue of the rating letter, so that the client has sufficient time to review and provide feedback.*

All annual review reports are issued within five working days of the notification through press release, however, in case of an appeal by the client, this timeline would apply upon finalization of the appeal process.

## **Semi-annual Review Process**

CRC Regulations, 2016 requires that a formal review of all rated entities is conducted by VIS at least on semi-annual basis. In order to comply with the regulatory requirement, VIS conducts its semi-annual review exercise on a monthly basis for which following steps are taken:

1. At the beginning of each month, VIS shortlists those entities whose rating actions have been taken six months ago and are needed to be reviewed in the current month.
2. In the first week of each month, information requirements are sent to each of the shortlisted entities via emails. Different sets of required information formats are developed by VIS for entities from various industrial and financial sectors. Accumulation of available information on listed entities is conducted simultaneously.
3. Information received from clients and accumulated in-house by VIS is compiled and shared with the Rating Committee before the end of 3rd week of the month for their review.
4. Towards the end of the month, a combined Rating Committee meeting is convened for review and rating action, if required, of the shortlisted entities. Regular Rating Committee protocols are followed in these meetings as well. Rating Committee forwards such entities to the relevant team leader where it believes further investigation and analysis are warranted.

VIS by policy, does not undertake rating reviews based on request from investor, creditor or other issuers.